

# Corporate Social Responsibility and the Norwegian Leadership Model

*“Does the Norwegian leadership model harmonize with  
the ideal leadership in CSR?”*

Helene Terese Segrov



Master's thesis at the Faculty of Social Sciences

THE UNIVERSITY OF OSLO

Spring 2014





# **Corporate Social Responsibility and the Norwegian Leadership Model**

“Does the Norwegian leadership model harmonize with the ideal leadership in CSR?

And does the Norwegian tradition give the proper environment for Norwegian leaders to practice the ideal leadership in CSR?”

Copyright Author

2014

Corporate Social Responsibility and the Norwegian Leadership model

Helene Terese Segrov

<http://www.duo.uio.no>

Print: Reprosentralen, Universitetet i Oslo



# Summary

The thesis reviews the Norwegian leadership model and the institutional framework the model exists in. The model is defined through different approaches and characteristics where traits such as less authoritarian, informal and including are prescribed the Norwegian leaders together with the tendency of acting within the cooperation tradition, which is based on the Norwegian welfare state and tripartite collaboration. The Norwegian leadership model is further described through three different directions (cooperation tradition, organizational – and strategy theory), three different levels (the society, the working life and the company), through different dimensions (bureaucratic, communicative, management, and professional), and through different scholars of leadership that exists in Norway (sociotechnical, Norwegian business school, Solstrandprogrammet and the Kenning school).

The overall institutional frames are the democratization, the history of the labor unions, the welfare state, the tripartite collaboration, and constituting laws and agreements in Norway. These can be illustrated through for instance the workers movement and the establishment of the basic agreement between LO and N.AF, democratic rights, direct agreement between the parties in the labor market, and the worker commission of 1885. This framework creates the Norwegian leaders' leeway of action and hence in which degree they are constrained and given opportunities. The laws, the owners' mandate and employee rights are additional examples that restrict the leaders leeway, but through collaboration these restrictions are loosened.

The institutional framework along with characteristics from the model are further compared to descriptions of ideal or best-fitted leadership to the implementation and sustaining of the concept of Corporate Social Responsibility in correspondence with the two main questions in the thesis:

- Does the Norwegian leadership model harmonize with the ideal leadership in Corporate Social Responsibility?
- And does the Norwegian tradition give the proper environment for Norwegian leaders to practice the ideal leadership in Corporate Social Responsibility?

The comparison is based on the theory of institutionalism and literary research. Institutionalism offers a theoretical explanation of how institutions arise and maintain hence describing the Norwegian leaders environment and tradition.

Corporate Social Responsibility is defined through the international standard of ISO 26000 as responsibility of an organization for the impact of its decisions and activities on society and the environment exerted by showing open and ethical behavior. But throughout the thesis the distinction between the implicit and explicit approach to CSR is the basis. Leadership is defined as the relationship between the employer and the employee, and through leaders' foremost task, which is change.

The role of leadership in Corporate Social Responsibility is important and the ideal are requesting future awareness, trust and transparency, role models, the ability to generate dialogues and include, as well as being open and inspiring. These descriptions are to be found in self – organizing leadership, ethical leadership and in general desired skills and goals of action in the ideal leadership of Corporate Social Responsibility.

The main findings regarding the similarities between the ideal and the Norwegian tradition are the highlights given in the importance of employee involvement, the ability to create dialogues with stakeholders, the use of trust and democratic values, and the emphasis on innovation and transparency. Employee involvement is a common aspiration for both the ideal and in the Norwegian tradition, but in different levels. The term *empowerment* is applied within descriptions of the ideal, whereas in Norway this term has been criticized for being a bad replacement of *involvement*. Another difference is how employee involvement is in fact secured through legislation in Norway as opposed to the ideal where involvement is a single leader task to achieve. In general employee involvement is integrated on a higher level in Norway than the ideal proposes.

Creating dialogue is important both internal towards employees and external towards other stakeholders. Norwegian businesses are argued to have experiences with entering dialogues due to the tradition of cooperation, consensus and participation. The ideal and the Norwegian model are as such similar, but it is given different weight in stakeholders versus shareholders where Norway leans towards the stakeholder view. Trust is a vital ingredient in the whole process of Corporate Social Responsibility and in Norway trust is presented as a fundamental



value and a basic feature in the cooperation model, but trust is even more important in Norway.

Desired structures where leaders should lead within are democratic as the tradition in Norway, but similar to trust more important in Norway, whereas for instance a distinction between the *representative* component through unions and *individual* component through the relationship between the employer and employee are made. Innovation is in both descriptions necessary, but in Norway innovation and trust are linked, which is not to be found in the ideal. The last interpreted similarity is transparency, but being transparent towards the external is described differently. In the ideal this is more weighted opposed to the Norwegian view, which can be explained through the distinction between implicit and explicit approach to Corporate Social Responsibility. In general, where resemblances are discovered between the ideal and the Norwegian tradition there are differences detected when studied closer.

The major difference is to be found in the underlying view the concept is built on, which is a philanthropic tradition where social responsibility is voluntary and given the corporations opposed to viewing it as mandatory and as governmental concerns. The distinction is categorized as the difference between the practices of Corporate Social Responsibility as either implicitly or explicitly, whereas welfare states tend to embrace the concept implicitly due to the integration and institutionalization of it. The ideal leadership of Corporate Social Responsibility contradicts with the Norwegian tradition through this fundamental view, together with the overall communication of the concept, the request for organizational identity or changing the organizational culture, and authenticity.

The communication of Corporate Social Responsibility includes the promotion of corporations' activities and is stressed as essential within the ideal. This has not been typical practice for Norwegian businesses and might be explained through the use of the implicit approach. The request for organizational identity and changing the culture are actions the ideal leaders should take, but in Norwegian businesses these actions can create resistance among the employees due to the underlying democratic norm and values such as individual autonomy and integrity. The last aspired trait within the ideal is authenticity and is somewhat difficult to place because it is not specifically described as a trait in the Norwegian leadership model, still it is associated with implicit leadership style and it is further argued that the Norwegian environment fosters authenticity among the leaders.

According to one level the ideal leadership in Corporate Social Responsibility and the Norwegian tradition are similar with a few important differences. In-depth these resemblances become further nuanced.



# Preface

I want to dedicate this thesis to my brother, my mother and my father, to my exchange in Paris and to all of my closest friends. A special thanks goes to my advisor for being dedicated to helping me.



# Table of Contents

<b>Introduction.....</b>	<b>1</b>
<b>Method .....</b>	<b>2</b>
<b>Conceptual clarifications .....</b>	<b>4</b>
<b>Corporate Social Responsibility defined .....</b>	<b>4</b>
Structured overview .....	5
Implicit versus explicit social responsibility.....	6
<b>Leadership defined .....</b>	<b>7</b>
<b>Institutionalism .....</b>	<b>9</b>
<b>Why institutionalism in this thesis.....</b>	<b>9</b>
<b>The three pillars.....</b>	<b>10</b>
<b>1 The Norwegian leadership model.....</b>	<b>11</b>
<b>1.1 Is there a Norwegian leadership model? .....</b>	<b>11</b>
<b>1.2 Different approaches to the Norwegian leadership model .....</b>	<b>13</b>
Three different directions .....	13
Three different levels .....	13
Different dimensions and two opposing conceptions of leadership.....	14
<b>1.3 Egalitarian mind – set.....</b>	<b>14</b>
<b>1.4 The Norwegian leadership model explained through institutional frames .....</b>	<b>15</b>
Introduction.....	15
The workers’ movement.....	16
The welfare state .....	18
The tripartite collaboration .....	18
<b>1.5 The Norwegian leaders’ leeway in relation to CSR.....</b>	<b>19</b>
<b>2.0 Leadership in CSR .....</b>	<b>20</b>
<b>2.1 Introduction .....</b>	<b>20</b>
<b>2.2 The importance of leadership in CSR.....</b>	<b>20</b>
<b>2.3 What kind of leadership creates successful CSR implementations? .....</b>	<b>21</b>
Self-organizing leadership .....	21
Aspired leader features and desired skills.....	22

Leadership and the importance of trust and organizational identification .....	23
Leadership and the employee.....	24
Leaders as role models and motivational initiators .....	26
Ethical leadership - the way to go .....	27
<b>3.0 Does the institutional features of Norway harmonize with ideals of good CSR leadership? .....</b>	<b>29</b>
<b>3.1 Introduction .....</b>	<b>29</b>
<b>3.2 An American concept.....</b>	<b>29</b>
<b>3.3 CSR policies in Norway .....</b>	<b>29</b>
<b>3.4 Social Responsibility – in Norwegian genes?.....</b>	<b>31</b>
Implicit or explicit CSR?.....	32
Authenticity.....	34
The communication of CSR .....	34
Employee involvement.....	36
Different views on involvement.....	36
Dialogue .....	39
Democracy .....	40
Organizational identity/organizational culture.....	41
Trust and social capital.....	44
Innovation.....	45
Transparency .....	47
Welfare or non-welfare state? .....	49
<b>Conclusion .....</b>	<b>51</b>

## Introduction

Corporate Social Responsibility or CSR has become a worldwide concept for corporations to embrace due to for once the general global concern about the environment voiced by the public (Midttun, 2013). Corporations should take social and environmental responsibility in addition to their main purpose of profit seeking to satisfy these demands (ibid). It can now be argued that for some the implementation of this concept and the practicing of it, will be even vital to the companies' survival hence the great request and expectations about it (Midttun, 2013). To successfully implement CSR it has been further argued that leadership is the most important predictor (Blowfield and Murray, 2011; Gond and Moon, 2012; Dunphy et al. 2003). The leader needs to behave in certain ways and take certain actions thus these descriptions of the ideal form of leadership is argued to enhance the chance of success.

In this thesis a picture of the ideal leadership in CSR will be presented and then *compared* to one specific national leadership model, which will lead to the thesis' main issue. This specific leadership model is the Norwegian model. The reason behind these two chosen components in the comparison to begin with, lies in the *supposedly* similar characteristics they both seemed to be holding. To further confirm or invalidate this assumption this thesis will be led by two main questions generating the main issue:

Does the Norwegian leadership model harmonize with the ideal leadership in CSR?

And does the Norwegian tradition give the proper environment for Norwegian leaders to practice the ideal leadership in CSR?

To answer these questions the Norwegian leadership model will be described and then explained through the theory of institutionalism illustrating the underlying effect the Norwegian tradition might have had on the leadership model. Based on Norwegian tradition and characteristics from the Norwegian leadership model a comparison will be made with the ideal leadership in CSR. How and why CSR is practiced the way it is in Norway will also be a part of the comparison with the intention of highlighting the reasons behind possible similarities or dissimilarities between the ideal leadership and the Norwegian model, thus Norwegian leaders leeway of action regarding the practicing of CSR.



The introduction chapters entail the thesis' method in elaboration, leadership and CSR will be defined both in a general manner and a more specific one aligned with the main issue in this thesis, and the use of institutionalism as the thesis' basis will be argued for and explained as a theory. The first main section after the introduction contains the presentation of the Norwegian leadership model and tradition followed by the second section presenting descriptions of ideal leadership in CSR. The third section constitutes the analysis based on the first and second section discussing the main tendencies interpreted as either similar or different between the Norwegian model and the ideal leadership in CSR.

## Method

This study has a pure theoretical approach and was conducted through literary research. The databases used were JSTOR, magma.no, regjeringen.no and fafo.no and published books from the library at the University of Oslo and BI Norwegian Business School in Oslo. The keywords used are represented in the chart combining the three main keywords Norway, Norwegian leadership and CSR in bold print with the additional words beneath in each column.

<b>Norway</b>	<b>Norwegian leadership</b>	<b>CSR</b>
CSR	Defined	Defined
Institutionalism	Model	Leadership
Democracy	Development	Leadership styles
Welfare	History	National
Collaboration	Styles	National context
Participation	Authenticity	Institutionalism
Trust	Approach	Implementing
Involvement	Institutional frames	Ideal
CSR leadership	Traits	Wanted
Tripartite collaboration		Management

Different keywords for CSR were Corporate Social Responsibility, social responsibility, business ethics, sustainability and ethical leadership, and as for Norwegian leadership keywords such as the Nordic model and the Scandinavian leadership style were used as well.

Some of the work found on ethical leadership and sustainability was recognized as relevant due to the same objectives and purposes as discovered in CSR. Scandinavian and the Nordic model describe the general trait among the countries including Norway in a historical matter making it relevant functioning as additionally or to further confirm the Norwegian leadership style. Elements from studies conducted outside Norway have also been applied in the thesis because of either the common welfare state system and/or the labor market model, or due to its general context of CSR.

The studies referred to in this thesis are for once the study of Sweden, which was conducted by De Geer et al. (2009) and is mainly based on document analysis, but interviews with people from representative organizations regarding the Swedish welfare system historically were also executed. This study is a chosen relevance in this thesis because both Norway and Sweden have a social safety net through social security, which makes these countries welfare states. The general analysis of a welfare state in the study might hence be transferable to Norwegian settings as well.

Angus – Leppan et al. (2010) collected data from interviews and observations in an Australian banking institution to study the implicit and explicit approach to CSR. This study is relevant to this thesis through the link made between implicit versus explicit CSR and national institutional drivers. Implicit CSR is characterized as typical European and fits well with descriptions of how CSR in Norway is practiced.

Vie's (2010) study of Norwegian leaders studies the time consumed and what the leaders spend their time on doing. The study of Sweden and the Australian banking institution are both qualitative studies, while Vie's is quantitative. Other studies mentioned have either been conducted in Europe or outside Europe, and not in Norway in particular. "Normative" theories on the other hand are a common reference in this thesis where the authors' opinions about a subject are presented.

The table of contents and abstract were studied before further reading and references used in highly relevant articles or books were searched for. The primary sources, both books and articles, are mainly from the year between 2000 and 2013, but secondary sources referred within these are usually older, which are mostly to find behind definitions and classic theories. Recent published work within CSR leadership was selectively looked for to make a

compound and comprehensive description of the ideal leadership hence the prioritization of the latest publication date. The same approach was used when searching for information about how the Norwegian history has formed the perception and practice of the leadership model to achieve a more applicable explanation due the search for the most recently interpretation. In defining CSR the search for both Norwegian and non – European sources were intentionally due to the thesis' main issue.

Throughout the thesis Europe is often cited without mentioning the differences between the countries or between parts of Europe. The differences are acknowledged, but will not be mentioned in order to maintain the main issue.

## **Conceptual clarifications**

### **Corporate Social Responsibility defined**

Corporate Social Responsibility or CSR first emerged as a concept in the 1930-40s and Howard Bowen with his book *Social Responsibilities of the Businessman* (1953) is often referred to as the concept's father (Midttun, 2013). Historically the content has been revised several times and interpreted differently (ibid). Many similar terms have been used to describe the concept like Corporate Citizenship, corporate social responsiveness or philanthropy. Nevertheless, CSR is the most common term in use (Ihlen, 2011:26).

Corporate Social Responsibility as a concept has an essential part in this thesis, but there is a need for a general clarification together with a more context depended one. It has a variety of approaches and highlights in its many definitions. The ISO 26000, which is a voluntary and international standard to social responsibility and created in 2002 with members from various international organizations, (Ditlev-Simonsen, 2011) defines corporate responsibility as responsibility of an organization for the impact of its decisions and activities on society and the environment exerted by showing open and ethical behavior (Olsen & Syse, 2013:102). Ethical behavior in terms of contributing to sustainable development, including health and welfare of the community, taking into account the expectations of stakeholders, to be consistent with international norms of behavior and to be integrated throughout the organization and being practiced in the organization's various conditions (ibid). The ISO 26000 is as mentioned a voluntarily standard for CSR and is based on 7 principles. These are

responsibility, openness, ethical behavior, respect for stakeholder interests, respect for the law, respect for international norms of behavior and respect for the human rights (Olsen & Syse, 2013:103).

### **Structured overview**

Gjølberg (2011) makes a distinction between different perceptions within CSR. On one side CSR is perceived as a *voluntary* act in addition to obeying laws and regulations and can be understood as pure self-regulation (ibid). Opposite to this view CSR is perceived as *mandatory* and as a political phenomenon (ibid). Within the marketing discipline the focus lays in how CSR can better businesses' brand value, public relations and reputation (Fombrun, 1996 in Gjølberg, 2011) whereas in the strategy discipline how CSR can give a company increased competitiveness (Porter & Kramer, 2006 in Gjølberg, 2011). It has been stated by Lockett et al. (2006) in Gjølberg (2011) however that the majority is taken by how CSR can be a part of improving economic value creation.

Gjølberg (2011) also makes a broad categorization of CSR studies from the mainstream literature, which can be divided in a normative, instrumental and descriptive approach.

The normative category centers around what businesses should do and how they should behave using moral arguments (Gjølberg, 2011), often grounded in theories from moral philosophers like Rawls or Kant (Marens, 2004 in Gjølberg, 2011). Businesses' moral role in society is heavily weighted and both Howard Bowen's book (1953) and Freeman's work (1984) illustrate this opinion whereas for instance the stakeholder theory (Freeman, 1984) is a good example (Gjølberg, 2011). The basis for this theory is that there are several actors in addition to the owners having a "stake" in the company (Trygstad & Hagen, 2007:28). But within the normative category there are also strong opinions *against* CSR, which thrives from the utilitarian or neo-liberal standpoints (ibid). Friedman (1970) who is claimed to be a well-known frontier of this view argues that there is a big difference between the role of the government and the businesses. CSR is viewed as a distraction from the bottom – line and even as counter-productive resulting in more costs instead (Gjølberg, 2011). The bottom line can be defined as the traditional main goal of corporations to achieve. This goal is only concerned about the corporation's economical results (Olsen & Syse, 2013:115).

The instrumental category has a strategic orientation towards CSR, including the managerial aspects and the focus on how to increase profits using CSR as a means for improving reputation, branding, investor – and employee relations (Gjølberg, 2011). Elkington's theory (1998) of a triple bottom line is essential here together with Porter and Kramer's (2006) outlook on CSR as a competitive advantage within this view (ibid). The triple bottom line is an approach where social, economical and environmental concerns are integrated (Tamagno, 2002; Oslen & Syse, 2013:115).

Gjølberg's (2011) last category named descriptive studies of CSR doesn't possess any real theoretical frame, but offers data-rich case studies and a mapping of CSR practices. The problem with these studies however arises when trying to compare them due to the lack of a common operationalization and conceptualization (Margolis & Walsh, 2003; William & Aguilera, 2008 in Gjølberg, 2011).

### **Implicit versus explicit social responsibility**

Angus – Leppan et al. (2010) identified two different and opposing CSR systems within organizations. These are called implicit and explicit CSR. The difference can be detected in both language and intention (Matten & Moon, 2008 in Angus – Leppan et al. 2010), and the overall interpretation of CSR as a concept (Angus-Leppan et al. 2010). They also stem from fundamental dissimilarities within national business systems (Matten & Moon, 2008 in Angus – Leppan et al. 2010). The explicit CSR system embraces CSR as a voluntary act and is implemented based on the corporation's own strategic decisions (Angus – Leppan et al. 2010). It's an emphasis on communicating to stakeholders what their CSR policies and practices are, and to adopt the language of CSR to create an understanding of the business value CSR can have for the organization (Matten & Moon, 2008 in Angus – Leppan et al. 2010). The leadership style associated with the explicit CSR is argued to be the autocratic style (Angus - Leppan et al. 2010).

Implicit CSR on the other hand views social responsibility more as a mandatory act, which is driven by norms, values and rules supported by all the parties (Matten & Moon, 2008 in Angus – Leppan et al. 2010). This way of thinking is rooted in a political system whereas an organization's practices are not labeled as CSR, but merely as *customary requirements* embedded in strong norms and regulations (Matten & Moon, 2008 in Angus – Leppan et al.

2010). The leadership style associated with the implicit system is posited to be authentic leadership (Angus – Leppan et al. 2010). In sum explicit CSR are more taken by PR around their practices whereas implicit CSR emphasizes the values behind it (Angus – Leppan et al. 2010).

In relation to this thesis, the definition of CSR will be found in the distinction between implicit and explicit CSR because it touches upon the institutional aspect in the practice and understanding of it. The distinction can be explained through institutional national characteristics that will be visible when the Norwegian management model is compared with the ideal leadership in CSR to study the degree of which the two are in harmony with each other and whether the institutional frames further creates the proper environment for it.

### **Leadership defined**

The term *leadership* and *leader* are the most frequent words applied throughout the thesis and were chosen over the similar terms *management* and *manager* due to the Norwegian use of the term *leadership* and *leader* when describing the Norwegian model. This was interpreted as an easier transition between the languages. The terms *management* and *manager* however are to be found in some descriptions., but the main tendency is leadership and leader.

Byrkjeflot (2002:43) claims that leadership is perceived primarily as a tool for change. He further proposes that leadership is a cultural based phenomenon thereby the definition of good leadership is determined by the patterns of thoughts and authority relations within different parts of a country. The definition of leadership can hence be seen through the power relations between the employer and the employees. The leader's managerial prerogative or the right to control creates the leader's leeway of action (NOU: 1997:25) They have the right to organize, allocate, control the work and the right to enter work agreements and at the same time the right to cease them (NOU: 1997: 25). The acknowledgement of the leader's power is linked to the conclusion of collective agreements, which was established in the basic agreement of 1935 (NOU: 2010: 1). Laws, agreements, customary, and the democratization within the working life limit this right in general, which could be argued making the leader's power based on negative refinement (ibid). However, in general the relationship between the employer and the employee is based on asymmetry (Trygstad & Hagen, 2007:30). There is a subtle balance within a work relationship due to the employer's right to control (Tveitstul,

2010). Employees submit to an authority (Trygstad & Hagen, 2007:39). Leadership can as such be interpreted as a legal relationship between employees and employers, and the power distributed between them.

Leadership can also be defined as being about controlling the relationship between the inside and the outside of an organizational unit (Sørhaug, 1996:24). But according to Sørhaug (1996:25) leadership can be argued to have a tendency being defined as the provider of direction and rules for the organization. Leaders can be claimed to always have to administer something too and that they have to create rules, follow them and make sure others follow them as well (ibid). The need for leadership however is stated to occur when something unpredictable or unexpected happens. Then the leader has to provide for direction and occasionally rules (Sørhaug, 1996:25). Within the distinction between technical and generic view on leadership the technical view regards a leader as the most competent person in the field, whereas the generic view believes that a good leader can lead any type of company (Byrkjeflot, 2002: 42).

According to Colbjørnsen (2004:11) there are differences in managers and management jobs depending on industry, leaders' qualifications, the size of the company, employee expectations, owners' assertiveness, and the amount of customer requirements. Good management can as stated by Colbjørnsen (2004) be about people and to make employees create great results for the business. He makes a distinction between leader and leadership. The leaders affect the company's results in various ways for instance through their profession and efforts. But leadership on the other hand, is something more specific. It means to create results through others (Colbjørnsen, 2004:13). Leaders exercise leadership to the extent they manage to get their employees to contribute in realizing the business goals (ibid).

Within institutional specific frames and regulations there is an interaction between actors. Leadership can be understood as action within this interaction (Trygstad & Hagen, 2007:37). Rost (1991) in Northouse (2012:3) describes leadership as the relationship between the leader and his/her followers. It concerns the communication and collaboration between them rather than specific traits within the leader (ibid). Both the leader and the followers are equally affected by each other. Leadership in this context is about interaction whereas the followers are included in the leadership processes. It is not a top-down approach and both authority and influence are given the employees (Rost, 1991 in Northouse, 2012) This way of thinking of

leadership can give rise to ethical actions as a common goal for everyone, but is stated by Northouse (2012) to be *somewhat unusual* to think of leadership. Northouse (2012) underlines the complexity and variety in the meaning of leadership, but that it in most cases consists of several components. As for this thesis the ideal leadership stemming from national background will be stressed through institutional factors, which results in the Norwegian leadership model, together with the emphasis on the definition of leaders where change is argued to be their foremost task (Byrkjeflot, 2002:43).

## **Institutionalism**

### **Why institutionalism in this thesis**

The basis in the thesis is the theory of institutionalism and its relevance can be argued for through the conception that leadership has its origin through the society, the history and different incidents, from a common culture, common laws, and unwritten rules guiding common behavior and experience (Bru, 2013). It has been further said that what happens in Norway is bound to the cultural, political and economical factors that brought us where we are today, and that every day an employee's decision, action and opinion are consciously or unconsciously colored by such circumstances (Levin et al. 2004). Institutionalism offers a theoretical explanation of the rise and maintenance of organizations' existence in societies (Scott, 2008). Organizations and institutions are important parts of the society because they can reflect certain laws, values, rights, norms and political – economic ideals within the country they exist in (Scott, 2008). By using this approach there can be shed light over Norwegian leadership through institutional drivers and backgrounds. In short, how leadership can be explained within the institutional framework.

How leadership is perceived is influenced by theoretical fluxes or the newest fashion on the field, but also the culture (Byrkjeflot, 2002:42). The culture creates maneuvers of how leaders can and cannot behave and the workers have certain expectations from their leaders based on perceived authority relations (ibid). When role expectations do not match the actual behavior of a leader frustration and other negative feelings may occur, both for the leader and the workers (Bru, 2013).



There are also significant cultural differences in views on what good leadership is (Sandal, 2002). Resemblances among leaders within the same nation can be explained through cultural influences (Haukedal, 2002). Campbell (2006), Waddock (2008) and Doh and Guay (2006) in Angus – Leppan et al. (2010) are all examples of authors within the CSR literature that apply some kind of institutionalism in the attempt of describing the CSR drivers and characteristics. It's thereby been stated by several a growing trend in examining CSR through institutional drivers (e.g. Campbell, 2006; Waddock, 2008 in Angus – Leppan et al. 2010), but that the role of leadership regarding the subject is not as frequently stumbled upon within the literature (Waldman and Siegel, 2008 in Angus – Leppan et al. 2010). How an organization approaches CSR can for instance according to Basu and Palazzo (2008) in Angus – Leppan et al. 2010 be found in the *internal* institutional frames. These internal factors can further be subscribed to the executives because they are equipped with certain mental frames (ibid) and those frames can be argued to stem from the cultural dimension (Waldman et al. 2006 in Angus – Leppan et al. 2010). How organizations interpret CSR can be explained through sense making within the cultural cognitive aspect in institutionalism (Angus – Leppan et al. 2010).

By applying institutionalism the Norwegian leadership model can be explained and further enable the study of whether these institutional frames create the proper environment for Norwegian leaders to harmonize with the ideal leadership in CSR.

### **The three pillars**

Institutions are social structures whereas they empower and restrict behavior (Scott, 2008). The new institutional approaches appeared in the 1970s and offered an additional element called the cultural cognitive (Scott, 2008). Within the neo-institutional view there are three essentials that guide behavior (ibid). These are illustrated in three pillars, which interact with each other despite their dissimilar controls and rationale: the regulative, the normative and the cultural cognitive element (Scott, 2008).

The regulative pillar explains the existence and special features of institutions through the forces of formal laws and regulation, but also informal types of sanctioning to steer the behavior (Scott, 2008). This view is led by the rational choice logic whereas the best choice

will be serving ones self – interests (ibid). It entails rule setting and monitoring, and involves avoiding negative sanctioning or reach for rewarding outcomes (ibid).

The normative pillar emphasizes social obligation whereas norms and values are functioning as the guidelines of behavior (Scott, 2008). What is appropriate and expected are important cues in this element and are often internalized within the individuals (ibid). It entails responsibilities and duties, but also rights (ibid). Different set of values and norms are also given according to different roles similar to sets of expectations, which are decided by societal positions (Scott, 2008).

The cultural cognitive pillar directs the light on the internal drivers instead of the external ones, which is typical for both the regulative and normative (Scott, 2008). This means that cognitive processes are the forces behind the behavior due to a common framework of meaning shared by everyone (ibid). The external cultural frames are forming the internal processes and give individuals a common requirement in interpreting and processing information (Scott, 2008). These processes will then affect for instance ones evaluations and judgments (ibid). It concerns sense – making and relies on “taken – for – granted” assumptions (ibid). The cultural cognitive pillar explains institutions through how the social reality is established through a common set of conceptions (Scott, 2008).

## **1 The Norwegian leadership model**

### **1.1 Is there a Norwegian leadership model?**

Thoughts about Norwegian leadership and how it's practiced are claimed to have its origins in both culture and significant historical events (Byrkjeflot, 2002). For instance, the development of welfare, industrialization and the democratization of Norway can be argued to have led to the high degree of trust in governmental leaders and business leaders (Byrkjeflot, 2002). But it should be mentioned that this link does not necessary create trust if it exists, and that many other factors may be involved.

Research studies and surveys can for instance establish a Norwegian or Nordic leadership model by identifying distinctive features that are typical (Bru, 2013). But it must be seen together with the general Nordic model and the Norwegian labor market model (ibid). Based on several studies on workload and meeting practices among managers, it appears to be a

tendency in Norwegian leaders saying they are most concerned with the internal affairs of the company and job satisfaction (Vie, 2010). Managers also spend a lot of time on oral communication. These findings can suggest an approach of the cooperation tradition. Meetings also proved to be a high priority and frequent (ibid). However, these studies measured the management practices at lower levels of management and nonexecutive employees, hence a possible difference (ibid).

Falkum et al. (2007) highlights several important traits with the Norwegian model whereas the cornerstone is the collaboration between different actors of society and between the employer and employees locally. Grenness (2003) in Gjølberg (2011) argues that Norwegian leaders seem to be consistently less authoritarian and more involving, delegating, and coaching in their leadership style compared to foreign leaders. Schramm Nielsen et al. (2004) in Trygstad & Hagen (2007:86) states that Norwegian leadership style is characterized as informal, equality orientated, with flat hierarchies, and the tendency to persuade through reasonable arguments instead of charismatic dominance. The emphasis is on consensus, participation and involvement in decision-making and change processes (ibid).

Trust and collaboration can be argued to be the two foundations of the Norwegian model whereas the collaboration is the tool in use when meeting challenges (Trygstad & Hagen 2007). Trust can be argued being institutionalized in Norway, which gives certain guidelines and expectations whereas trust between the parties is largely about the respect of roles (ibid). Democracy in Norwegian working life can be considered both the ideal and the goal in Norway (Trygstad & Hagen, 2007:20). Byrkjeflot et al. (2001) in Gjølberg (2011) argues that the democratic culture in Norway is of great significance when it comes to understand Norwegian leadership. He further describes Norwegian leaders as more democratic due to the great emphasis on equality and informal relations within the culture (Byrkjeflot, 2001 in Gjølberg, 2011). To achieve democratic legitimacy in Norway the management must exercise openness, transparency, proximity, and be able to justify their decisions (Sejersted, 1997 in Trygstad & Hagen 2007).

Vie (2012) stresses the difficulty in identifying typical Norwegian leadership because everything depends on the context and the leaders' individual prerequisites. But, in the crossing of all approaches he argues that it is possible to find something typical Norwegian (ibid). To understand what Norwegian leadership is and where it comes from it can be

essential to view the different exterior flows of ideas that have had an impact on the model (Levin et al. 2012).

## **1.2 Different approaches to the Norwegian leadership model**

### **Three different directions**

Byrkjeflot (2002) describes three different directions that can be characterized as typical Norwegian leadership theory. The first one is the well-known cooperation tradition, and the other two are organizational – and strategic theory. The cooperation tradition can be explained as *the interaction between the design of the welfare state, macro-economic management models and the tripartite collaboration* (Gustavsen, 2007 in Vie, 2012). Leadership and *cooperation* represent the dominating direction in the Norwegian thinking about leadership. Leadership and *organization* has been more focused on change within the public sector, while leadership and *strategy* has been more economically orientated in the business sector.

### **Three different levels**

According to Levin et al. (2012) the Norwegian model can be described through three different levels: the society, the working life and the company. On society level Norway has a high degree of employment (WEF 2011; NOU 2012 in Levin et al. 2012). The working life level illustrates the balanced relationship between employers and employees through law and agreements. The workers have for instance the right to organize and to influence (Gulbrandsen et al. 2002 in Levin et al. 2012; NOU 2004: 5, NOU 2010: 1). On the organizational level, also called the cooperation model, the relations within the company are highlighted. In Norway it could be said that there are relatively small differences between high and low when it comes to salaries, prestige and authority. Labor disputes are rare and the job – satisfaction high (NOU 2010: 1) When looking at the three levels together the Norwegian model can be argued to have a democratic mix whereas it's partly based on direct involvement and with a partly representative form of government/control (Levin et al. 2012).

### **Different dimensions and two opposing conceptions of leadership**

Norwegian leadership can be claimed to constitute a combination whereas several dimensions of leadership are detected (Trygstad & Hagen, 2007). The bureaucratic dimension can be detected through procedure orientation, role clarity, the respect for roles, and going by the book if the relation of trust is weakened. Control, clarity and overview are key values for representatives (Trygstad & Hagen, 2007:97). From the value-based/communicative dimension there is communication across hierarchies, open, honest and easy-going socialization are all ideals the leader strives to achieve (ibid). Informal meeting and frequent everyday contact are also typical. Involvement and including of the employees, and the emphasis on the psychosocial work environment are to find within the management dimension (ibid). In the technical/professional dimension the respect for employees' knowledge is of great importance. And most leaders in Norway still have an education related to other tasks than leadership (Colbjørnsen, 2004:20).

Another way of categorizing different approaches to the Norwegian leadership model is by describing the general distinction between technical and generic view of leadership (Vie, 2010). The technical view regards leadership as achieved through competence, like seniority, and generic as learned through the *study* of leadership (Vie, 2010). Four different scholars of leadership theories can illustrate this separation. The first two can be categorized within the technical view. These are stemming from the Sociotechnical School or the cooperation tradition, which emphasizes democracy and autonomy (ibid), and from the Norwegian Business School where strategy and marketing are important terms (Vie, 2012). The two other scholars within the generic view are Solstrandprogrammet and the Kenning school. Solstrandprogrammet focuses on psychology, motivation and personal development (Vie, 2010) whereas the Kenning school, stemming from an American consultant, stressed out a number of different principles that could be applied everywhere and in any company (Byrkjeflot, 2002). Studies (Colbjørnsen, 2004) indicate however that most leaders in Norway exist between both technical and generic leadership (Vie, 2010).

### **1.3 Egalitarian mind – set**

To illustrate the Norwegian tradition within leadership styles a description of how the Kenning school with its thoughts and values were received can be presented, because when

the American consultant George Kenning attempted to transfer his management values into the Norwegian leadership culture, it has been claimed that it created some collisions. It was said that the perception of hierarchies and the role of leaders were challenged. Sørhaug (1996:84) argues that hierarchies are just as existing in Norway as in any other country, but it's not that explicitly expressed and leaders can be difficult to identify if one doesn't possess the local knowledge. Leaders are additionally claimed not being perceived as superiors to their employees and that orders are presented more as a choice than a command (ibid). He further argues that individual autonomy and integrity are highly appreciated values for workers in general which can be conflicting with absolute loyalty towards the company (ibid). Hence Norwegian leaders struggle with the creation of organizational loyalty (Sørhaug 1996:89). It is argued that it does not come natural for them to embrace their role as formal when especially they work in an egalitarian and informal culture (ibid). The main characteristics for Scandinavian leadership style are to be informal, including, just and to work within general flat hierarchical structures (Ditlev-Simonsen & Brøgger, 2013). In Hofstede's (2010) country analysis Scandinavia scored relatively low on power-distance and competitiveness, but high on individualism, which underlines their egalitarian mind-set (Ditlev – Simonsen & Brøgger, 2013). The Kenning – tradition discussed leadership as a separate profession, but few in Norway ever used the term “leader” (Kenning in Schjander 1987/1995:93 in Byrkjeflot, 2002:50). Kenning claimed that leaders were even ashamed of their position due to the strong democratic movement in the country (ibid). However, the Kenning school did become one of the main approaches within leadership in Norway despite its many claimed collisions.

#### **1.4 The Norwegian leadership model explained through institutional frames**

##### **Introduction**

Byrkjeflot (2001) in Trygstad and Hagen (2007: 22) claims that the development of the Nordic model has affected leadership through for instance collective negotiations and employee rights. This can be said created the frames leaders had to correspond to (ibid). Leaders, employees and owners can all be viewed as participants in the Norwegian model with those possibilities and restrictions that comes along with it (ibid). Context and relations produce institutions, which thereby enable and restrict action (Trygstad & Hagen, 2007). The underlying democratic norm in Norway can for instance be claimed as an important

influential factor in creating cultural frames of how leadership should be practiced (Sejersted, 1997 in Trygstad & Hagen, 2007).

There are other factors argued to contribute and illustrate the Norwegian mind-set towards the practice of social responsibility among the leaders. The establishments of Landsorganisasjonen and Norway's employers' association for instance were both argued to be the beginning of the collaboration in Norway, which also created the collaboration idea (Ihlen, 2011:43). This idea was said to have played a significant role in Norwegian businesses regarding the acknowledgement of different interests and the ability to negotiate them (Ihlen, 2011) and could further illustrate the way business is structured giving leaders a certain environment regarding their relations to the organization and other institutions involved. Another important historical trait in Norway considering CSR is according to Ihlen (2011:41) how the tradition of *philanthropy* never became a widespread notion. The focus towards the building of public services and to integrate philanthropy in a system could be one of the reasons behind this low turnout (Ihlen, 2011). The Norwegian business did not have the same type of capitalists compared to the American and Swedish businesses (Ihlen, 2011:41) and it has been said that the capitalism in general was weak (Kjelstadli, 1998 in Ihlen, 2011:41). Furthermore the Norwegian business was claimed to lack overall legitimacy in the matter of philanthropic practices (Ihlen, 2011:42).

### **The workers' movement**

The period between late 1800 and early 1900 can be characterized by the strong growth of workers movement (Bru, 2013). It can be argued that historically the rise of institutions in Norway was driven by the wish to establish governing values such as consensus, equality, appropriateness, and social responsibility (Trygstad & Hagen, 2007). But values of equality did not appear over night and is not genetically programmed in Norwegians. The history of the workers movement was a struggle in establishing these values, whereas these were not recognized through existing norms (Trygstad & Hagen, 2007). Nevertheless, it was also these cultural based values that made it possible to establish the institutions. The point is how these institutional frames are part of sustaining these values (Trygstad & Hagen, 2007:35).

The system of laws and agreements can be argued to function as the force behind the sustaining of the equality in Norway (Trygstad & Hagen, 2007). The Nordic labor market

model can be argued being about the link between a strong trade union movement in collaboration with a centralized employer organization and a tradition in political consensus making between the political parties (Trygstad & Hagen, 2007:21). Political consensus was driven by the thought of social responsibility (ibid). It has been said that through interest organizations employees have achieved the position as an equal counterpart towards their leader (Trygstad & Hagen, 2007). It was not just about the respect for the workers, but for the individual as well in the context of class differences (Bergh, 1983 in Falkum et al. 2009). The basic perspective regarding the Norwegian labor market model is argued to be the mutual balance between employers and employees (Levin, 2012). Democratic rights, which are claimed to be embodied both in the legislation in the environment and worker protection, and direct agreements between the parties in the labor market, provide the basis for developing organizational and managerial forms where participation is an important factor (Levin, 2012).

The worker commission of 1885 for instance was further argued to be an important milestone in the development of the Norwegian working life (Falkum et al. 2009). Legal rights and obligations in the work place were established, these came to protect workers against unfair and dangerous working conditions using state factory inspections and functioned as the first example of workers being represented within a formal state agency (Falkum et al. 2009). The law of 1892 is also considered as the beginning of the long process in the making of the currently existing working environmental act (Falkum et al. 2009). But although the government introduced legislation to protect the workers, it has been said that the employers were mainly supported until the formation of the basic agreement between LO and NAF in 1935 (Falkum et al. 2009:10).

Early in 1900 the first collective agreements were established, which regulated the relationship between employer and employee (Falkum et al. 2009). But according to Falkum et al. (2009) it was much turmoil during the period of 1921-1931 between the workers on one side and the state and employers on the other. The government responded and established the work peace committee in 1931, but was dissolved a year later due to law disagreements (Maurseth, 1987 in Falkum et al. 2009). Falkum et al. (2009) argued that it was the conclusion of the basic agreement between LO and N.A.F that made the worker movement both the party and the trade union accepted as a legit operator of the society. They also state that the party and trade union movement did in fact struggle with internal contradictions, but that they managed to stay united during crisis (Falkum et al. 2009), which was argued to be



of great importance for the emergence of a social-democratic order in Norway (Bjørnson, 1990 in Falkum et al. 2009).

### **The welfare state**

The welfare state model can be seen as the basis and fundament to the Norwegian working life model (Levin, 2012). The welfare state in Norway developed during the 1950-60s and typical for the Norwegian welfare model is argued to be the high level of ambition in creating and sustaining cohesion and equality and the principle of universality which means that the services are everyone's right, not only for those who need it most. Another typical case can be that the services have been governmental run (Grønlie 1991). The government was also said to be concerned about the private business life whereas they regulated them to prevent any negative effects on individuals or the society. Grønlie (1991) states that the main tendency was growing welfare and safety for everyone, and even greater equality in a society that was formerly egalitarian, when looking at it in an international context. The power of the state has been argued to progressively become a negotiating and collaborative state where the purpose of politics and government has been to find solutions that would be accepted by most people (Grønlie 1991). Trygstad and Hagen (2007) further stated that the welfare state, equality and respect were rather achieved through modernization and increased production instead of outstanding conflict and class struggle.

### **The tripartite collaboration**

According to Falkum et al. (2009) the collaboration between workers, employers and the state developed to further become the so-called tripartite collaboration. The collaboration is regulated by law and agreements and argued being built on trust (Hartvigsen Lem, 2012 1.) The three parts each represent their different interests and the government serves as an active role on behalf of the people supporting the common interests (Bru, 2013). Organized employees in Norway are gathered and represented by the employee organizations. The employer organizations represent the employers within the private and public sector (ibid). It is been stated that the three parties all have a voice while cooperating to create the best solutions for everyone (ibid). The collaboration between the parties in the work life and the governments could be an effective tool in securing the participation and involvement (Hartvigsen Lem. 2012 2). It can also guarantee the unfolding of conflicts without the loosing of the basic collaboration (Levin, 2012). The trade union movement is argued to have been an

important force in the establishment of institutions, for instance the integrated right among the employees to participate (Trygstad & Hagen, 2007:86).

Summarized the historical prerequisites for the Norwegian model can be interpreted as a society with a thoroughly democratic norm and strong governing values such as equality and consensus. These can be expressed through the various laws and agreements that were established protecting the workers and are part of regulating the relationship between employer and employee. The tripartite collaboration can be argued to secure the cooperation between employer, employee and the state. The development of the welfare state is another important prerequisite argued to secure the equality through equal propositions for everyone. Byrkjeflot (2001) in Gjølberg (2011) states that the employees were given more freedom and that leaders had to adjust accordingly within these frames. The social security and the tripartite collaboration as a result of a welfare state, operate on the central level. This level thereby affects collective agreements, which regulates the relationship between the employers and the employees (Byrkjeflot, 2001 in Gjølberg 2011).

### **1.5 The Norwegian leaders' leeway in relation to CSR**

Institutional frames in Norway can as mentioned create and sustain leaders leeway of action hence indicate whether these frames equip Norwegian leaders with the proper environment in practicing the ideal leadership in CSR. The way the concept of CSR is interpreted can therefore be argued to have roots in historical tradition and thus affect the approach in practice. The government in Norway has for instance been active and influenced the conception of social responsibility whereas much of the practice is regulated through law (Ihlen, 2011). Some of the regulations in Norway are in fact voluntary in other countries and placed under the label of social responsibility (Ihlen, 2011). CSR in Norway has been said to exist within the framework of a strong state and dialogue between the social partners (Ihlen, 2011) and further argued that the Norwegian tradition has considered social responsibility without explicitly calling it "social responsibility" (Ihlen, 2011:148)

Ihlen (2011) states that the political development characterized by a strong state and dialogue between the labor organizations gave the concept of social responsibility a whole new context within Norwegian frames. And that in many ways social responsibility has always been incorporated through the working life model (ibid). Social responsibility is claimed to be

nothing new in Norwegian business because it has been practiced even before the CSR trend. What may have helped to focus attention on this term is according to Ihlen (2011) the view of Norway in the *global* economy.

As mentioned in the chapter of “Leadership” the Norwegian employers posit certain rights followed by their position affecting their leeway of action. Further elaborated this leeway can be viewed through the frames of the tripartite collaboration and a strong state focusing on *three* relationships (Trygstad & Hagen, 2007). The first relation describes the leader as operating within a leeway that is restricted by the law, but at the same time the leader is participating in the tripartite organization through employer organizations (Trygstad & Hagen, 2007:37). Secondly the collaboration between the shareholders (owners) forces the leaders to operate based on the owners’ mandate, but also collaborating with them concerning strategy and prioritizing. The last relation is the collaboration with each employee where the leader is situated in a superior position as well (Trygstad & Hagen, 2007). Collaboration as a value is thereby the core in the Norwegian model (Trygstad & Hagen, 2007).

## **2.0 Leadership in CSR**

### **2.1 Introduction**

CSR can be viewed as a concept and must be implemented like any other idea. In this section leadership will be emphasized as the drive force behind the implementation and thereby given a picture of the ideal leadership in how to manage and succeed in this process. The ideal leadership will additionally be presumed to stand in accordance with the main objectives and principles in CSR.

### **2.2 The importance of leadership in CSR**

Leadership in CSR is argued to be one of the greatest challenges (Visser et al. 2010) whereas leaders have to be able to respond constructively to some of the world’s most important questions about the social, ecological and economical environments. According to Blowfield and Murray (2011) leaders have an important role and leadership is viewed as one of the most essential parts within social responsibility. The main determinant of organizations’ outcome and performances on CSR can be further assumed being localized in leadership (Gond & Moon, 2012) which is supported by Dunphy et al. (2003) when stating that

executives have a critical role in relations to a company's performances on sustainability. It is argued that leadership is increasingly perceived as the factor that needs to be changed in order to meet the societal and environmental demands (Storsletten & Jakobsen, 2013) and that the implementation of CSR cannot be put into life without the engagement of the top executives along with their inspirational and initiating role (Epstein, 2008).

### **2.3 What kind of leadership creates successful CSR implementations?**

#### **Self-organizing leadership**

Knowles (2006) presents self-organizing leadership as a way of implementing CSR successfully due to its general approach to the unpredictable world when organizations are forced to change in response to their surroundings. This view has its basics in three elements that serve as the fundamentals in creating a self – organizing organization (ibid). These are the sharing of information, mutual dependency and organizational identity (Knowles, 2006), so in short it's about information, relation and identity. The goal is to make CSR authentic and the whole organization must be a part of it to make it happen (ibid). The leaders can for once be visible and consequent in their acts of ethics, but most importantly share information about the whole process, how decisions are made, the background for CSR, the rules and the guidelines (Knowles, 2006). Information to everyone in the organization has been stated to be extremely essential in understanding and finding a purpose with ones work within the frames of CSR (ibid). The management as further argued must also include the employees in conversations about deciding on a common ground for organizational behavior that will apply for everyone through consensus at all levels (Knowles, 2006).

Knowles (2006) claims that the organization's vision and mission are also created together with all the members in the organization, and that employees must feel comfortable asking questions and receive answers from every level in the organization as well. Cooperation, openness, transparency and honesty are therefore highly valued during this process of change to make everyone understand the processes of CSR (Knowles, 2006). The point is to make sure that everyone recognizes the organization as a whole and at the same time ones role in it.

When the employees understand and get involved in the process it has been argued that they will be able to identify with their workplace thus creating organizational identity (Knowles, 2006). And if every member follows the common grounds for organizational behavior and

share information across levels, it is stated that mutual dependency will occur together with a high degree of trust. According to Knowles (2006) transparency also increases trust, whereas trust is the factor keeping everything together within the organization. Established trust and transparency will then be essentials in transforming an organization into following CSR principles because both of them are the building blocks for CSR (ibid). But it is argued that the management should also make a change from the top-down tradition to a more open and including one, and that in general organizing leadership is fundamental to CSR (Knowles, 2006).

### **Aspired leader features and desired skills**

Visser et al. (2010) presents three categories of fundamental features that the leader can reach for in order to be able to face the challenges of their role in CSR. These are knowledge and skills, vision and passion, action and influence (ibid). Knowledge and skills involve the comprehension of the organization's power of influence on its surroundings, the respect for the environment, the building of social capital, to offer solutions to sustainable challenges, openness towards other's, and to be able to motivate organizational change to achieve sustainability (Visser et al. 2010). The vision and passion can be expressed through the creation of a vision that will be perceived as believable by the public, open and transparent dialogue, be consistent in values and actions, support, challenge and inspire others to practice CSR and engage in debates/dialogues with a creative mind (ibid). As for action and influence one should be conscious and take responsibility for the organization's impact locally and globally, be visible about ones commitment to sustainable principles, support innovation, use cooperation and partnership to solve challenges and be prepared strategically for the future (Visser et al. 2010).

According to Dunphy et al. (2003) the shift into sustainable business depends on the development of a set of personal skills or psychological strengths with the management. These can be identified as tolerance towards ambiguity, being flexible and adaptable. One should express enthusiasm and motivation, be engaged and being able to inspire others (ibid). Empathy and the possession of an overall perspective are important, and moreover personal resilience and the commitment to continuously learning (Dunphy et al. 2003). Political consciousness and sensitivity with the ability of being persistent and having a clear focus are additionally desirable strengths (ibid).

Along with personal skills Dunphy et al. (2003) claim that there are also some so-called diagnostic and communicative skills. The diagnostic category of skills includes entering dialogues and general interaction with stakeholders, being prepared for conflicts and the openness towards others' visions. It's also about being able to listen while at the same time asking questions, the sharing of information, being critical and manage to use different perspectives (ibid).

The communicative category stresses the importance of being engaged and committed in keeping people informed and as a part of the process. The leaders have to manage to communicate clearly and simple with others, using emotions and visual tools. It also involves the building of relations with those having a stake in the organization (Dunphy et al. 2003). To create new meaning it is argued that the leader must work with others and through dialogue create new ideas of how the people perceive themselves and their organization, which can further lead to a sense of collective identity (ibid). Employee empowering is in general one of the most essential parts during this change according to Dunphy et al. (2003).

### **Leadership and the importance of trust and organizational identification**

As previously mentioned, both trust and organizational identification are labeled significant within self-organizing leadership in achieving a sustainable business (Knowles, 2006). According to Mostovicz and Kakabadse (2011) trust is a necessary component in CSR and is together with ethics and leadership connected.

Trust has been said to be one of the assets that must be established in the beginning of implementing CSR and makes an organization complete, or as a whole (Knowles, 2006). Trust in organizations is claimed to be built over time by those who care and is an indispensable part within and to, organizations, whereas the lack of trust would lead to inefficiency in modern businesses today (Dunphy et al. 2003). It is pointed out by Elvegård (2013) that there has been a lack of orientation in research towards internal relations of trust and how this can affect the overall relation between the society and organizations. Elvegård (2013) analyses how trust between the management and employees are important in understanding and practicing corporate responsibility. The analysis focuses on how relations of trust are created and sustained, and how it can be linked to the relationship between

organizations and society (ibid). It is claimed that it should be a mutual trust between the leader and the employees whereas the management should be conscious about how they communicate and must justify their actions of choice when it comes to both their employees and the society (Elvegård, 2013).

Research can confirm some encouraging outcomes for both the company's reputation and its profits when practicing social responsibility, and that there is a positive correlation between employees identifying with their company and the company's social responsibility (ibid). It's been further argued for an existing correspondence between employees' effort in their work and the company's performances (Elvegård, 2013). In general engaging in social responsible activities has been said to have a positive effect on the company's -and employees' satisfaction and performances (ibid). Elvegård (2013) states that it is of great importance for employees to identify with their organization, but that there is not enough explicit research on trust in the matter of identification, however, trust he claims, can be found as an underlying factor in most of the conducted studies.

Elvegård (2013) believes that trust can function as a competitive advantage, but that there is a lack of research on how trust affects understanding and practicing of social responsibility (ibid). Elvegård's view of the link between trust and social responsibility can be interpreted as the crucial factor when looking at which parties that are taken into consideration. When all the laws and regulations are followed, but there is still someone that will suffer indirectly through a company's action, Elvegård (2013) argues that there is a lack of proper internal relations of trust, which would lead to the lack of ethical reflection internally in the company. He states that ethical reflection should include both management and employees, and that trust between individuals is essential. Trust in this sense makes room for a deeper form of ethical reflection, which will then lead to an overall view of every party that could be affected by the company (ibid).

### **Leadership and the employee**

Within CSR the employees seems to be of great importance for many leaders whereas it has been said that for instance most people would rather work within a responsible company (Ditlev-Simonsen & Brøgger, 2013). Recent studies based on US and UK settings show that employee participation on decision – making processes is a significant factor, and to engage

employees is argued to be especially important regarding CSR, *at least in theory* (Ditlev-Simonsen & Brøgger, 2013:122). Studies on employee involvement and motivation initiatives show that they have positive effects on business results (Harter, Schmidt and Hyes 2002; Harter et al. 2009 in Ditlev-Simonsen & Brøgger, 2013). A successful engagement of employees in CSR can increase their commitment and motivation according to a study (Ipsos MORI, 2006 in Ditlev – Simonsen & Brøgger, 2013) in Europe, America and Australia where more than 2500 employees (Ditlev-Simonsen & Brøgger, 2013:123). As for Norway employee involvement can be argued to be one of the success factors according to Hofstede et al. (2010) in Ditlev – Simonsen & Brøgger (2013) comparative national culture scale. In a single case according to the results from a program implemented in a UK business (TNT Express Services), it seemed that when companies involve their employees in the interaction with non-governmental organizations (NGO's) it had a great positive effect on the company's bottom – line as well for the relationships between the workers (Ditlev-Simonsen & Brøgger, 2013:124). The employees' general job satisfaction improves and the company's attraction to new staff increases (ibid).

But these effects are unfortunately claimed not to be the common results of CSR engagement. According to Ditlev-Simonsen and Brøgger (2013) employees are left out most of the time from these decisions and are usually not informed about donations. It is argued that it could also produce a negative effect if the company chooses a strongly opinionated point of view without consulting the employees or make awareness (ibid). One of the reasons can be located in the lack of awareness and concrete goals, different interests among the employees and the disregard of employees' opinions (ibid). These issues can stem from leaders lack of the recognition or understanding of employee engagement and their level of commitment to it (ibid). Employee involvement has been stated to have a vital role for the success of CSR, but few leaders have taken this knowledge seriously enough (Ditlev-Simonsen & Brøgger, 2013).

Dunphy et al. (2003) argues that when transforming an organization into a sustainable one, the most efficient leadership would exhibit passion about the changes and express care towards the environment and the society, but also towards all the individuals working along with the leaders. They also express the importance of leaders engaging everyone both emotionally and through comprehension (ibid). The employees should identify with the changes initiated and thereby feel a part of the leadership. This means empowering the workers (Dunphy et al. 2003).



Rozuel and Kakabadse in Idowu and Louche (2011) state that another important prerequisite for CSR is if the overall view of the employees within an organization is regarded as *emotional* and with the need for support and recognition instead of only a *human resource*. It is also claimed that leaders must manage to be non-hierarchical, show respect and be empathetic (Mostovicz and Kakabadse 2011).

### **Leaders as role models and motivational initiators**

Descriptions of leaders as role models or motivational initiators can be categorized as value management or management based on values. "Value leaders" can be characterized as having worthy personalities with moral integrity (Byrkjeflot 2002:47). And these leaders are expected to be consistent in their words and actions (ibid). The foundation of this type of leadership is argued to be ethics and morality (Byrkjeflot 2002). The members of the organization is claimed to have a central role in corporate activities and should therefore be morally conscious (Pedersen, in Elvegård et al. 2013). The company can according to Pedersen in Elvegård et al. (2013) facilitate that members are morally conscious through leaders acting as visible role models expressing the "correct" behavior, as well as other members of the organization for their fellow employees. It has been said that individuals within organizations tend to imitate other individuals when they are uncertain about what is right and wrong in the situation. The challenge for managers is stated to be to regulate such social imitations among individuals by encouraging the spread of ideas and actions that establish desirable standards among employees (Pedersen, in Elvegård et al. 2013). To attain this, it is argued that leaders can facilitate group discussions where one can reflect upon ethics (ibid).

In terms of corporate culture as both evolving over time and as being difficult to control, the manager should according to Pedersen in Elvegård et al. (2013) be aware of the subcultures that develop within the organization through such social imitations. And when this is the company's goal of environmental and social considerations, it is believed that the manager must arrange for unwanted behavior patterns minimized or prevented (ibid). Management should further aim for a clear value focus to attract qualified applicants (Pedersen, in Elvegård et al. 2013). It is claimed that employees who are already working in the enterprise must be encouraged to moral action and attitude through the explicit expression of the desired

behavior and a culture where it is allowed to voice their concerns and being critical of the ethical problematic practices (ibid). The leader must also know the incentives contained in the culture that makes employees imitate the actions of others, and the leader is further responsible for arrangements that create positive snowball effects as argued by Pedersen in Elvegård et al. (2013).

It has been said that to create a conscious corporate culture, the leaders can put the emphasis on transparency as an important value, giving knowledge about the consequences followed by corporate actions, and creating an ethical climate that involves to create an understanding of how to approach the ethical issues and what constitutes ethical problems in businesses (Pedersen in Elvegård et al. 2013). It has further been argued that through reflection groups this can be practiced and that ethical motivation can be generated through ethical guidelines, which can indicate negative sanctions for breaking them (ibid). The guidelines are thereby used as incentives. It is also said that one could reward the desirable behavior, such as bonuses, higher salaries, promotions and resources. The incentives are stated to be both financial through bonuses, but also socially when individuals are being isolated from the corporate culture (Pedersen in Elvegård et al. 2013).

### **Ethical leadership - the way to go**

A study of ethical leadership harvested some features that were shown to be of importance for leaders in being perceived as ethical (Hartman & DesJardins, 2008). Ethical leaders should according to this study be human – orientated, show visible engagement in ethical actions, be receptive and open, show integrity, honesty and credibility. They have to be able to listen, having an ethical consciousness and use ethical decision –making processes (ibid). Similar to the “traditional leader” it is argued that ethical leaders must be able to enhance desired behavior amongst the workers, but instead of focusing on the performance alone ethical leadership includes performance in accordance with established ethical principles (ibid). Hartman and DesJardins (2008) state that both features and behavior must be visible to make the impression of ethical leadership.

Hartman and DesJardins (2008) further claim that to make descriptions about ethical leadership relevant to the overall view of the best leadership in succeeding with the implementation and sustaining of CSR within organizations, there must be a link pointed out

between success in “traditional leadership” and in “ethical leadership”. Efficient leadership traditionally can in short be identified through its ability to gather and steer the organization with its followers into success (Hartman & DesJardins, 2008). The leaders’ achievements of the minimum goals as profit, productivity and efficiency illustrate the definition of success in this regard (ibid). As for ethical leadership it is argued that there is broadly two ways of finding the differences when compared to efficient or good leadership. One can either look at the difference in how the goals are achieved, through which methods and tools are used, or the difference between the actual goals (Hartman & DesJardins, 2008). An essential feature when studying the way leaders pursue their goals is according to Hartman and DesJardins (2008) the relationship with their employees; how they motivate them, what kind of structure that exists and how much influence the employees have. The actual goal of the organization is however claimed to be the most significant approach in separating ethical leadership with efficient leadership because if the goal excludes social and environmental considerations it is not ethical leadership per se (Hartman & DesJardins, 2008). Ethical leadership is said to be about creating a frame where ethical practice is encouraged and unethical practice more inhibiting through guiding values within the organizational culture that the workers can follow (ibid). These values will thus guide the workers to behave in accordance with the organization’s values in order to achieve the main goal (Hartman & DesJardins, 2008).

When practicing ethical leadership it’s stated to be of great importance to develop a good reputation amongst the workers in the organization, be visible about ethical problems and communicate ethical messages (ibid). A leader can be perceived as a moral person if he/she exhibits honesty, integrity and trust according to Hartman and DesJardins (2008). Decision-making can expose a great deal of the leaders’ ethical emphasis whereas they should weigh values and justice strongly, along with their considerations to society and general ethical rules of decisions (ibid). Dignity, respect and openness towards their employees and the ability to listen are other important gestures that a leader should exert at work, but also privately. It is also claimed that there must be an open communication in every level about the company’s ethics and values (ibid), and leaders should show consistency in wanting to follow these rules of ethics and guidelines (Hartman & DesJardins, 2008).

Summarized the leadership in CSR has been argued to be of great importance regarding the implementation of CSR (Blowfield & Murray, 2011; Gond & Moon, 2012; Epstein, 2008) and to succeed in this there are certain traits, skills and actions leaders should possess and act

out. These are to create organizational identity and a conscious corporate culture, generate dialogues, being open and inspiring, share information and include the employees, use cooperation and trust, being transparent and authentic, having a forward-looking vision, using a more democratic or non-hierarchical approach and acting as a role model to illustrate wanted behavior.

### **3.0 Does the institutional features of Norway harmonize with ideals of good CSR leadership?**

#### **3.1 Introduction**

In this section the two main questions will be discussed. The descriptions given about ideal leadership in CSR will be compared to the Norwegian leadership model within its institutional framework. The paragraphs are named after frequently mentioned traits or actions regarding the leader, and the framework in which the leader should be leading within according to the ideal. The analysis studies whether or not these characteristics are to be found in the Norwegian leadership model and Norwegian institutional frames.

#### **3.2 An American concept**

An essential recognition regarding the comparison of the ideal leadership in CSR with the Norwegian leadership model is to highlight the fact that the concept of CSR is not Norwegian. Problems associated with CSR as an idea are for instance that it originates from America whereas the rest of the world (De Geer et al. 2009), in this case Norway, has to translate the concept into their own business community. The translation issue can point out a notable prerequisite in the comparison between the two due to the already existing differences based on institutional frames, in particular the frames Norwegian business exists in.

#### **3.3 CSR policies in Norway**

In 1998 KOMpakt was established in Norway functioning as the government's *consulting body* on CSR<sup>1</sup> with the purpose of bringing different stakeholders to dialogue (Midttun et al.

---

<sup>1</sup> Regjeringen.no/KOMpakt

2013). These in particular were Human rights groups, Norwegian industry and Norwegian public administration (ibid). In 2011 KOMpakt adopted many of the principles within the UN Global Compact, which the Norwegian government was an important economically contributor to (Midttun et al. 2013). Norway has been argued to be relatively stable in CSR engagement and as for environmental protection and labor circumstances claimed to be at a more advanced level compared to for instance the UK. The Nordic model and the tripartite collaboration were the underlying factors behind this opinion expressed in an interview at the Ministry of foreign affairs (Midttun, et al. 2013). In general, the Norwegian government is claimed to be particularly taken by CSR activities conducted by Norwegian companies operating abroad because these companies function as a reflection of Norway (Midttun et al. 2013).

Summarized from institutional frames Norway can be said to have a history of early established thoughts of equality, low on power distance, regulated employee rights, consistently democratization, secure cooperation through the tripartite collaboration, dialogues and compromises, participation and involvement, an egalitarian mind-set and the ideology of the welfare state. The Norwegian economy has been characterized by dominantly small and medium sized enterprises (NOU 2010:1) with a strong government where politics and economy were not seen as separate, and an incorporated form of CSR with little weight on philanthropy. It can be claimed that there was a strong working class and great power distribution and hence little difference regarding authority relations, a high degree of trust and generally flat structures.

As for the ideal leadership in CSR leader objectives such as an organizational identity and a conscious corporate culture are highly aspired. The importance of creating dialogues and involve employees are valued. Values such as transparency and authenticity are necessary traits. To use trust and cooperation are other tools in implementing and sustaining CSR. Openness is mentioned as significant and for leaders to act like role models. A more non – hierarchical approach should be practiced together with a more democratic form of treating the workers during the implementation of CSR through the sharing of information and including in decision-making. To be prepared for the future and support innovation are other skills stressed along with being able to communicate properly during the whole process.

### 3.4 Social Responsibility – in Norwegian genes?

Institutional frames in Norway can in this thesis be used as a suitable tool when comparing the ideal leadership in the concept of CSR and the Norwegian leadership model to find possible similarities or dissimilarities. As an introduction to the analysis the question of whether social responsibility is something “typical” Norwegian or not will be shortly discussed to initiate something that could function as a fundamental ground further in the analysis. If social responsibility can be argued being rooted in Norwegian tradition the Norwegian leadership model might resemble ideal leaders in CSR.

*“Social responsibility lies in the genes of large parts of Norwegian industry. Managing business ethics is founded on Norwegian values and good old-fashioned manners. The many local communities around Norway are a living proof of that”* (own translation from Hartvigsen Lem, 2009).

It has even been claimed that Norway is in the lead of CSR due to the country’s tradition involving strong national regulations, strong unions, close collaboration between employer and employee, cultural values such as equality, consensus and dialogue, and a social democratic welfare state (Gjølberg, 2012). And as the quote above suggests social responsibility can be argued to be deeply internalized values in Norway. Ihlen (2011) on the other hand thinks this quote can be criticized because words are one thing, action otherwise. In Norway, the responsibility is an important priority both politically and academically, and visible through the media and in business (Ihlen, 2011:134). But according to Ihlen (2011) CSR in Norway differs somewhat from overseas and this can be justified by two factors: first of all there are relatively small businesses in Norway that leads to a smaller distance between communities and companies as well as between management and employees, and that businesses have considerably less impact on society. The second is Norway's corporate social system and labor market tradition, where CSR in Norway is claimed to be increasingly regulated. Both employees' rights and purification of emissions are argued to be normal standard rather than something to strive for or additional to financial gain (Ihlen, 2011).

Norwegian CSR has been stated by Ihlen (2011:134) to carry certain characteristics. One of them is that many small businesses in Norway are intertwined with the structure of society as opposed to companies' independence abroad (Ihlen, 2011). He further claims that the public has an elemental role of companies in Norway and that philanthropic thinking was never

something typically Norwegian. It is said that companies in Norway have practiced social responsibility without making a big issue out of it external to the public: it is more normal practice (Ihlen, 2011).

What can be drawn from Ihlen (2011) on this topic could be that social responsibility is in fact institutionalized through different actors of society and that CSR is more a way of announcing this very act explicitly. And since philanthropy was never fully embraced it illustrates the lack of need in corporations to undertake that responsibility opposed to the government, which indeed has been an important provider in Norway. But as the difference between implicit and explicit CSR will be elaborated in the next paragraphs the “typical” Norwegian approach might be understood as something typical European or to a specific welfare state model.

### **Implicit or explicit CSR?**

The distinction between implicit and explicit CSR is as mentioned a chosen relevance regarding this thesis’ institutional approach. When categorized it can explain several differences and among these the distinction might demonstrate whether or not the Norwegian leadership model harmonizes with the ideal leadership in CSR through two identified leadership styles associated with the different approaches. Norway and countries with a similar welfare state model can as followed illustrate the implicit approach whereas it could be argued that it is in fact Norwegian folk customs and business ethics to think socially responsible, and that the concept of Corporate Social Responsibility only has been more explicit in Norway as a response to the growing awareness of CSR (Hartvigsen Lem, 2009) and can thereby imply the category implicit CSR. And through a study of an organization in Australia Angus-Leppan et al. (2010) found that both the implicit and explicit system of CSR not only existed, but also co-existed. Even though these systems co-exist one would commonly dominate the other (ibid) whereas Matten and Moon (2008) in Angus – Leppan et al. 2010 states for instance that the European companies in general are operating within an environment constituting the prerequisites for practicing an implicit CSR, but that globally regarded companies are moving more towards the explicit form.

According to the findings from the conducted study by Angus – Leppan et al. (2010) explicit CSR would not entail authentic leadership, but autocratic, and could be more susceptible to

the assumption by the public of doing green washing. Stakeholders may also interpret the CSR initiatives as deriving from pure corporate need (ibid). And from one of the interviewees it was said that the implicit initiatives based on values were more durable than the explicit (Angus – Leppan et al. 2010). Vitell and Singhapakdi (2007) in Angus – Leppan et al. 2010 state that implicit CSR inspire engagement and commitment among the workers and that explicit CSR would have troubles with effective *communication to the other stakeholder groups* due to its autocratic leadership style. It is not stated plainly that either explicit or implicit CSR is the better way to embrace CSR, but it could seem that explicit CSR can be an easy target for criticism and that if the two systems are not well balanced it could cause problems within the company practicing it as well. Angus – Leppan et al. (2010) argue that transformational leadership may be the solution in balancing the explicit and implicit system.

According to the Norwegian tradition and the system in which CSR is practiced, it can be argued that Norway is characterized as having a system supporting the practice of an implicit CSR. The non – European tradition, for instance the Anglo – American culture, will thereby support the more explicit approach. Now the concept of CSR does not stem from Europe, which can underpin the logical difference. The question is however whether the distinction between the two approaches creates different frames in relation to leaders in practicing the ideal leadership in CSR. There are clearly dissimilar approaches and systems, but how is it affecting leadership? Angus – Leppan et al. (2010) claim that the different systems are associated with different leaders: emergent or authentic style, and autocratic. In autocratic leadership, which exists within the explicit approach, the focus is more on PR and the promotion of CSR. This might steer the spotlight on the leaders as well, making the practice of the ideal leadership in CSR more of a necessity. But as argued by Angus – Leppan et al. (2010) this leadership style does not exhibit much authenticity. In general the explicit approach might then give more focus and attention making every step visible, but perhaps along with a more superficial practice as a result. Authenticity is a vital trait among descriptions of ideal leaders whereas the Norwegian implicit approach entails authenticity in a higher degree. It is further argued that the ideal leadership should be more open and including instead of the top-down approach (Knowles, 2006) and non – hierarchical (Mostovicz & Kakabadse, 2011).

Seen through the distinction between implicit and explicit CSR followed by different leadership practices the Norwegian model is more similar to the ideal leadership in CSR due



to the non-hierarchical and flat structured system in Norway together with the fact that the country can be categorized as approaching CSR implicitly suggesting the more authentic leadership style. Whether the Norwegian leadership model can be argued to emphasize authenticity or not will be discussed further in the paragraph named “Authenticity”.

### **Authenticity**

Black & Härtel (2004) in Brønn (2013) *propose that management capacity to develop CSR initiatives is dependent on their PR and CSR orientation.* This quote can indicate the need for a good communication strategy, which in this case could be that organizations and the leaders are perceived as authentic.

The word authenticity is in general used in describing the ideal leadership’s objectives in CSR. CSR should as claimed be perceived as authentic and the leader can probably have a part in affecting that perception. Knowles (2006) argues that the authentic CSR can be achieved through leaders being consequent and visible in their actions and by exercising a more open and participating leadership style. Visser et al. (2010) also mentioned the importance of leaders being consistent in their actions as well as with their values. Being consistent seems to be an important trait among leaders within CSR. How in such instances does the Norwegian leadership model harmonize with the trait authenticity? It is in fact argued that Norway and the other Scandinavian countries holds existing frames in which authentic aspects are more likely to occur within leadership than in for instance the US (Kvålshaugen, 2007). The reason behind is stressed to lie in the low power distance and the general low difference in salaries in Scandinavia. The non – hierarchical system and flat structure are likewise argued to explain it (ibid). Maybe the Norwegian model can equip Norwegian leaders with expectations and existing practices that will make it more natural or easier to become an authentic leader/create an image of authenticity, but it is hard to claim that the model in itself emphasizes authenticity as for instance a common trait for Norwegian leaders.

### **The communication of CSR**

The difference between explicit and implicit CSR might offer an explanation regarding the Norwegian practice of social responsibility whereas in these paragraphs the leaders’ communication of CSR will be further discussed. Leaders within explicit CSR emphasize the

communication of their CSR policies and practices to stakeholders while leaders within implicit CSR are more concerned about the rooted values behind the concept (Angus – Leppan et al. 2010). Among the descriptions in this thesis about ideal leadership in CSR it is argued that leaders should be conscious considering how they communicate and justify their actions towards the society (Elvegård, 2013). Ideal leaders should secure that their commitment to sustainability is noticed as well (Visser et al. 2010). Instrumental explanations on social responsibility highlight that social responsibility is profitable because it results in a good reputation (Ihlen, 2011). Norwegian firms should and can improve on the communication of CSR hence there can be argued to exist a need for communication of CSR, but at the same time the communication of it can create skepticism (Ihlen, 2011). Social responsibility can additionally be argued to be the source of what strategic communication is all about (ibid). The importance of the public believing the leaders corporate vision is also mentioned (Visser et al. 2010) and steers the focus on *convincing* someone. These descriptions could thereby paint a somewhat explicit picture of the ideal leader.

When practitioners of explicit CSR view social responsibility as voluntary it may be more reasonable and more of a need to communicate social responsible activities to the public to gain the acknowledgement of it. It is not mandatory and should be given credit if practiced. As for the implicit practitioners social responsibility don't have to be explicitly announced because it's mandatory and expected. If the ideal leadership in CSR gives weight to explicitly promote CSR and communicate activities in the media to the public, then how is the Norwegian leadership model, which is argued to exist within the implicit approach, positioned to this need? Communication on CSR has not been a widely used tool in Norway, but it is not typical Norwegian either (Ihlen, 2011). The rhetorical part can be somewhat difficult because to talk oneself up is not an accepted norm in Norway. For example, when businesses are going to talk about how much responsibility they actually undertake (ibid). The criticism of the Kenning - and the Cooperation tradition states that neither of them takes external surroundings into account and thus focuses only on the internal factors (Byrkjeflot, 2002). Companies ought to be more flexible and respond to their surroundings. How companies are presented in and deals with the media has gradually become more important for companies' reputation and thus their survival (ibid). Leaders are therefore to be attentive to their company's surroundings, which could be a challenge for the Norwegian leadership model (Byrkjeflot, 2002). It has been argued that CSR must be communicated to create dialogue, which the Norwegian enterprises might be able to improve on (Ihlen, 2011).

The difference between implicit and explicit CSR can thereby be argued to create different views of the communication of CSR. The Norwegian model may not stem from a tradition that resembles the ideal leadership in CSR in emphasizing the announcements and visibility of CSR activities due to for once it's implicit approach.

### **Employee involvement**

The typical case for Norway and the rest of Scandinavia as argued is to have a great and regularly employee involvement and since CSR recognize this too, Norway can have an advantage due to their previously established practices (Ditlev - Simonsen & Brøgger, 2013). Descriptions of good leadership in CSR emphasize employee engagement as especially important and that employee involvement has a vital role regarding the success of CSR (ibid). The empowering of the workers (Dunphy et al. 2003) and the acknowledgement of the employees as an important stakeholder in general is pointed out as essentials within CSR (Ditlev-Simonsen & Brøgger, 2013). Employees' power to influence, which can be confirmed in the AML paragraph 4-2 and 4-3, (Ihlen, 2011:95) and the balanced relationship between employer and employee are of great significance in the Norwegian working life (Gulbrandsen et al. 2002 in Levin et al. 2012, NOU 2004: 5, NOU 2010: 1) together with participation and involvement as special features within the cooperation model (Vie, 2012).

In short the Norwegian institutional frames have already recognized the importance of the employee as a valued stakeholder, and involvement has been even more important to Norwegian companies due to their traditional norm system where employees have a strong impact in general (Ditlev-Simonsen & Brøgger, 2013). This could indicate an equal requirement from both the Norwegian model and the ideal CSR leadership. But as further elaborated in the next paragraph, the value of the employee might be different in other levels and aspects.

### **Different views on involvement**

Existing practices in Norway regarding employee relations are claimed not to be enough regarding the succeeding of CSR whereas a more proactive approach is needed (Ditlev-Simonsen & Brøgger, 2013). And it is argued that the "empowering" of employees is unequal to the terms applied in the Norwegian language when describing employees' power of influence (Levin et al. 2012). Levin et al. (2012) describes different threats identified towards

the Norwegian cooperation model where one of the threats is linked to the concept of “empowering”. If the ideology behind the cooperation model disappears, or the overall idea behind the purpose of it is lost, the understanding and what the model really entails are lost with it (Levin et al. 2012). The model was created because someone wanted it. The ideology behind was based on values of shared influence, democracy at work, unilateral commitment and participation in innovation and efficiency (ibid). If this ideology perishes then the understanding of what the model actually implies in terms of commitment and mutual obligations for both management and employees, disappears. American inspired concepts like “empowerment” will then easily function as the replacement, which is not the same as democratizing and involvement as designations for these processes within working life in Norway. Empowerment is given, not something that people can get control of by actively working to achieve influence (Levin et al. 2012; 203). The terms empowering and involvement might in this view be interpreted as different when comparing the Norwegian model with the ideal CSR leadership.

It has been claimed that employee participation is embedded in both general agreements and in scientific theories and models about leadership in Norway (Falkum et al. 2009:25). As for the ideal leadership in CSR it can be assumed that there are no contractual demands based on the descriptions found. It is rather concerning the general treatment the leaders give their employees, but not any rights or law - constituting frames the ideal leadership should operate within. The Norwegian model creates a platform for flexibility and readjustments (Trygstad & Hagen, 2007) and allows for a flexible market, but in combination with social security (Bredegaard et al. 2005 in Trygstad & Hagen, 2007). In reality this means that companies can adapt to the demands of the market as for how to organize labor, but at the same time secure a just treatment of employees (Trygstad & Hagen, 2007).

Even though employees are given a sufficient status in both the ideal and in the Norwegian model, an interpretation could suggest unequal approaches and practical meaning. The Norwegian view of the workers is embedded in rights, whereas descriptions of the employee in the ideal leadership in CSR is more about including them in the transition to a sustainable company. The argumentation proposing empowerment, as a rather superficial version of democratization and involvement, does not have to be disharmonizing between the ideal CSR leadership and the Norwegian model, both do acknowledge the importance of it. The difference lies in the degree of the levels in which this should be done. Descriptions of the

ideal CSR leadership do not exhibit any legal requirements or institutional prerequisites in the mentioning of employees, whereas the Norwegian model has formerly established these to secure them. It might rather be argued that the Norwegian model through the institutional frames creates an even better version of this element in the ideal CSR leadership. However, it could be worth mentioning the effect expectations can have regarding an implementation of the concept of CSR. For instance it could be somewhat unfortunate when implementing CSR in Norwegian companies because the employees have higher expectations about involvement during the whole process than for instance Anglo – American cultures and therefore create a greater pressure on the management? If an American company involves their employees just a little bit more than usual, will it produce positive outcomes easier due to the general lack of employee involvement?

Another way to view the Norwegian model as similar but yet as an improvement of the ideal CSR leadership is through the way employees are emphasized during change in general. The cooperation model can be argued to be good for *implementing* CSR through this particular emphasis. According to Levin et al. (2012) the model has its greatest potential in being able to create a platform for development based on changes in people's daily work. A change is real in the very moment the employees start to work differently according to the change (ibid). That's why it's clearly a competitive advantage if the changes and restructuring processes are initiated at the bottom and with an active participation from whom it concerns (Levin et al. 2012). The change will be conducted at the time when the change has emerged through the workers' participation. The work routines are the building blocks for implementing change, thus the innovation processes start at the bottom. The most effective implementing process has therefore its origin at the bottom. In this view the Norwegian cooperation model seems very promising because it makes room for continuous and sustainable processes of development. The long-term goal of participation is to create continuous change processes (Levin et al. 2012). These argued benefits illustrate the description in the ideal CSR leadership where the employees should have a great part in the whole change process, and as another point highlighted where the Norwegian model can be seen as harmonizing with the ideal because it exists within frames valuing these exact requirements. But the ideal leadership and the Norwegian model carry another similar element regarding the relationship between the workers along with external stakeholders, which can be illustrated in the equal value in the ability of creating dialogues.

## **Dialogue**

It is argued that Norwegian leaders based on the traditions of cooperation, consensus, participation and power sharing, do in fact have great knowledge when it comes to dialogues of interests, critics and negotiation, which has become more important in conducting social responsibility (Ihlen, 2011:47). Characteristics of management in Norwegian companies have typically been the emphasis on cooperation and participation (ibid). Decentralization / power sharing are also features in Norwegian leadership as well as pursuance (Ihlen, 2011:47). There is also much room for negotiation in Norwegian companies and a management that supports compromise in terms of conflict resolution between employees and employers, of which the employee has received considerable influence (Ihlen, 2011). This way of practicing leadership involves subjects that have been described as idealistic for humanization and democratization (ibid). The labor unions and the employers' associations constituting the corporatist system create the institutional frames for dialogue in Norway (Campbell, 2007 in Gjølberg 2011). Collective agreements also include regulations about information and discussion, emphasizing that all the parties should have the freedom to reach solutions that are perceived as appropriate to their needs and yearnings (Ot.prp.nr 49, 2004-2005). And based on this overview of management practices in Norwegian companies the Norwegian leaders stand already steady when it comes to lead such a stakeholder dialogue that is central in practicing social responsibility (Ihlen, 2011)

As for good leadership in CSR Visser et al. (2011) also mentioned the value of entering dialogues with stakeholders and Dunphy et al. (2003) points out the importance of being prepared for conflicts while staying critical and open. Dialogue with the workers in relation to the sense making process of CSR is also essential according to Dunphy et al. (2003). Within the Norwegian cooperation model dialogue between leader and worker (Vie, 2012) and between labor organizations (Ihlen, 2011) has been important along with the acknowledgement of different interests and the negotiation of them (Ihlen, 2011). And dialogues between social partners have in general been the frames of Norwegian CSR practice (Ihlen, 2011). This can be interpreted as good grounds for creating dialogues with different stakeholder groups and to keep all the parties' interests balanced through for instance compromises, openness about goals and intentions while giving room for criticism. Thus Norwegian firms can draw on traditions that give them a comparative advantage in the new situation characterized by internationalization and globalization (Gjølberg, 2009). CSR does not only apply to Norwegian firms operating overseas, or for the individual or just the

biggest companies. Social responsibility concerns local and public companies as well as the smaller ones (Ihlen, 2011).

The Norwegian leadership model harmonizes with the request for dialogues in ideal leadership in CSR through traditional institutionalized frames, but there is yet a small distinction of importance to be highlighted. Dialogues with employees or stakeholders and dialogues with shareholders or the owners are given different weight. The European model is argued to be more concerned about stakeholders than shareholder value, which is emphasized in the Anglo-American model whereas the interests of the owners are more stressed (Trygstad & Hagen, 2007). Social responsibility is according to the Anglo – American literature driven by leadership and the companies' responses to the demands of the society (ibid). Both types of dialogues are however mentioned in descriptions of ideal leadership in CSR, but European unions are skeptical to the whole idea of social responsibility partly due to this Anglo – American view where social responsibility is driven by leadership. The reason behind this fear is in the loosening of collective regulations and legitimate rights affecting employees' safety (Trygstad & Hagen, 2007). In other words that rights will no longer be constituted in laws (ibid). However, the ability to create dialogues is another element harmonizing the Norwegian model and the ideal CSR leadership, where dialogues both with employees and external stakeholders are mentioned.

## **Democracy**

In the mentioning of employee involvement and employee dialogues it relevant to present a section about democracy regarding the internal structures within an organization, which has been revealed in descriptions of ideal leadership in CSR.

Democracy is reflected in everyday deeds and can be defined as a practice and the Norwegian cooperation model itself is claimed to represent democracy. The model additionally allows the opportunity to further democratization within any undertaking (Levin et al. 2012). It has been expressed by Knowles (2006) that there should be a change from top-down to a more open and including management when it comes to CSR. Mostovicz and Kakabadse (2011) stress the need for non-hierarchical leaders and Pedersen in Elvegård et al. (2013) mentions that employees should be given a voice. It is further been highlighted that there should be an open communication approach on every level within the organization (Hartman &

DesJardins, 2008) along with the sharing of information where everyone have the ability to ask questions and receive answers from every level (Knowles, 2006; Dunphy et al. 2003). Vision and mission should be created together with the employees and the management should also include the employees in decision –making processes (Knowles, 2006). Reflection upon ethics is only optimal when it includes all the employees (Elvegård, 2013).

It may seem that good leadership in CSR is requesting a more flat structure in the matter of including and participation of employees and that Norwegian tradition harmonizes as such with these needs. It is both explicitly and implicitly expressed through laws and regulations and common norms. And in Norway there exist institutional frames sustaining the democracy, making it easier and more natural to Norwegian leaders. But as mentioned in the paragraphs about employee involvement, the Norwegian model can be argued to represent another *improved* element required in the ideal CSR leadership through existing structures within the work place. The request for more flat structures within the ideal could similarly be interpreted as a more superficial transformation because democratic values should perhaps have more of a proper anchoring in the system.

At the same time there is a distinction between representative and individual collaboration within the relationship between employer and employee in Norway (Trygstad & Hagen, 2007). The representative (IR) component is the party based collaboration including the legal framework whereas the leader should contribute to seek good compromises through the party based context (ibid). The individual component (HRM) is more about the single employees' relations to the management whereas the leader has to motivate, include and achieve support towards the objectives. It concerns the concrete collaboration between them (Trygstad & Hagen, 2007). This distinction is not made in ideal CSR leadership, which not only reveals a difference compared to the Norwegian model, but might also underline the assumption about a slightly superficial description of democracy within the ideal.

### **Organizational identity/organizational culture**

Given the institutionalized democracy and employee involvement in Norwegian organizations it might raise questions about the leader forcing cultural change or demanding organizational identity from the employees in relation to CSR.



An implementation of a new concept may in some cases require a fundamental change within the organizational culture. It might be expected when deeply set values have to change in order to be aligned with the whole concept. As for CSR the values and principles are fundamental in sustaining the concept, which can lead to the need for a change in the organizational culture. Organizational identity is one of the frequently mentioned leader objectives to achieve when implementing CSR, which involves a certain change in values among the workers. They have to adopt the new values in order to identify with the organization's new goals. The corporate culture is likewise cited. Pedersen (in Elvegård et al. 2013) expresses the challenge in regulating behavior among the workers, which should be done through the encouragement of spreading ideas and actions. Descriptions of the ideal leadership posit the creation of a frame or an ethical climate where ethical practice is encouraged (Hartman & DesJardins, 2008; Pedersen in Elvegård et al. 2013). Hartman and DesJardins (2008) utter the necessity of enhancing the desired behavior as one of the leaders' tasks. It concerns the creation of a conscious corporate culture as argued by Pedersen (in Elvegård et al. 2013). Dunphy et al. (2003) elaborate how to achieve a collective identity, which happens through changing the way the workers perceive themselves and through emotionally engaging them. The point is to make the employees identify with the changes (ibid). And according to Pedersen (in Elvegård et al. 2013) incentives are important tools in rewarding or sanctioning to breed desired behavior.

The request for leaders to initiate a cultural change and creating an organizational identity to implement CSR successfully can in some ways be interpreted as manipulating the culture preventing unwanted behavior and promoting correct behavior making the employees agree with the set values. Cultural manipulation is probably harder to be accepted within Norwegian businesses and the reasons behind might be found in the egalitarian mind-set, which highlights how orders are more presented as a choice and not as a command (Sørhaug, 1996). Democracy is argued to be the basis for legitimation of leadership in Norway due to the strong underlying, democratic norm in the country, and leadership must further be conducted in accordance with established norms (Sejersted, 1997:33). Opposed to this democratic weighting, technocracy is the structure within leadership in USA. Technocracy, which is based on expertise or profession, can be linked to the conception of an organization as a machine that can be manipulated (Sejersted, 1997: 44). This distinction in leadership structures can highlight the difference in legitimation of the leader, which is interesting due to

the fact that CSR as a concept was developed in USA. The transition may hence lead to difficulties in Norway where democracy is the underlying norm.

Through the leadership model many employees in Norway have been given a certain amount of influence (Ihlen, 2011), but most importantly the values such as individual autonomy and integrity concerning the workers can conflict with the idea of absolute loyalty towards the organization (ibid). A cultural change within the organization might not be fully realized in a Norwegian setting or a new set of values internalized without question, as a consequence of the Norwegian model. Norway together with the rest of Scandinavia has a high score on individualism and low power - distance (Byrkjeflot, 2002), which could underline the lack of strong influence Norwegian leaders can exhibit towards their employees when it comes to the obedience of a cultural change including the changing of values and mind-set.

Overall the part where leaders within CSR should make a cultural change can be interpreted as slightly colliding with some of the fundamental values in the Norwegian model regarding the employees' position and their relationship with the leader, and therefore not be completely aligned with the Norwegian leadership model. At the same time Norway is argued to be practicing the implicit form of CSR, which implies a more integrated way of pursuing it and more of a daily routine incorporated in the organization and perhaps also in the workers' mind-set. The implicit form might suggest an already existing cultural frame where social responsibility is an internalized value. In other words, a cultural change might not be necessary in Norwegian companies because it already exists. However, just by naming social responsibility "CSR" and creating the very concept might in itself demonstrate a more explicit approach. In the meeting of a formerly implicit practice the concept of CSR can provoke another form of cultural change: from implicit to explicit. Even though the existence of two different approaches to CSR is argued for, the concept has its origins outside Europe whereas the implicit form has been the general approach. Voluntarism versus mandatory is yet a key difference between the two approaches because the concept derives from the idea that social responsibility is voluntary to corporations. This leads to the difference between the interpretation and the practice of CSR among leaders within the broadly categorization *welfare states* and *non-welfare states*, which will be addressed in the paragraphs of "Welfare or non – welfare states".

## **Trust and social capital**

According to Wollebæk and Segard (2011) Norway has a high score on trust and *social capital*. Trust and social capital are argued to be connected and together with a good network they create the prerequisites for generating collective behavior and cooperation with others, for instance in an organization (Wollebæk & Seegard, 2011). The network can be proposed to function as enhancing the trust through social communication where trust can be verified by the individuals (ibid). Social capital can thereby be understood as resources stemming from personal relations (Schiefloe in Elvegård et al. 2013) creating collective action in a non – compulsory way (Wollebæk & Segard, 2011) and as qualities that are created and sustained within the informal network of relations between the employees (Schiefloe in Elvegård et al. 2013:247). Social capital can hence illustrate the role of trust within organizations and paint a picture of the social system *typical* for Norwegian organizations.

Trust alone can be defined as future orientated, as an expectation, and as a calculated choice between different alternatives (Trygstad & Hagen, 2007). Trust is also related to routine and predictability (ibid). The typical features of the Norwegian working life are argued to be trustworthiness and close collaboration between management and employees (Levin et al. 2012). The high degree of trust is claimed to be the most important factor that carries the collaboration model (ibid). As for good leadership in CSR trust is stated to be an absolute necessity (Mostovicz and Kakabadse, 2011). Knowles (2006) states that trust is even one of the building blocks for CSR and in Norway trust is presented as a fundamental value (Bru, 2013) and a basic feature in the cooperation model (Levin et al. 2012). Trust is hence equally highlighted as an important element and even crucial. Trust is in CSR argued to be connected to leadership (Mostovicz and Kakabadse, 2011) and something that is built over time (Dunphy et al. 2003), which can be said about the Norwegian tradition. And trust between the management and the employees should be mutual and vital regarding the practice of authentic and consistent CSR, because it makes room for deep ethical reflection when this relationship is established (Elvegård, 2013). In Norway this has been established and sustained through the basic agreement between LO and N.A.F, the working environment committee and the tripartite collaboration (Levin et al. 2012). As for the concept of social capital some of the descriptions in ideal CSR leadership might be interpreted as picturing social capital when proposing collective action in ways of steering the employees towards common goals and the expectations of mutual dependency along with trust. And when trust is

one of the essentials in transforming the organization one might think of collective action as well in relation to social capital.

Social capital can hence be somewhat detected in both the Norwegian model and CSR, and trust be claimed to have an essential part within CSR in resemblance with Norwegian institutional frames. Trust is also linked to companies' interaction with stakeholder groups because the impression the stakeholder groups involved are given from the companies can be determining for their survival. An organization's reputation was given substantial business value in the beginning of the twenty-first century (Meijer, 2004 in Coombs & Holladay, 2012) whereas financial improvements and higher customer numbers were some of the benefits resulting from a *good* reputation (Carmeli, 2004; Dowling, 2002; Fombrun & van Riel, 2004 in Coombs & Holladay, 2012). CSR has now been referred to as a motivation for good reputation, and not just financial determiners (Coombs & Holladay, 2012). Their reputation towards the external is important to take care of, but also internal trust within the company. But according to Trygstad and Hagen (2007) with more trust there is a bigger risk. Like employee involvement trust can be argued to be just as highly expected and taken for granted. When expectations such as these are so grounded in the system one might presume a higher fall if not fulfilled. Although trust is an important part of the ideal leadership in CSR corresponding with the Norwegian model it is even more important in Norway. In which degree trust will affect the implementation of CSR in Norwegian organization can therefore be somewhat irrelevant. Trust is already expected and would rather affect the implementation in a negative way if the lack of it were experienced as equal to employee involvement.

## **Innovation**

Trust can be argued to be a valued characteristic within the Norwegian tradition, which leads to the assumed link between trust and innovation in Norwegian settings.

The concept of CSR has clearly an immense focus on the future, whether it is economically through responding to public demands or securing the environment for the next generation. Being forward-looking is also a requirement within the ideal leadership in CSR whereas the leaders should prepare for the future and support innovation (Visser et al. 2010). They must have a creative mind (ibid) and be committed to continuously learning (Dunphy et al. 2003). Change and transformation are prerequisites for implementing CSR and the leaders must assist with solutions to sustainable challenges (Visser et al. 2010). Leaders should

additionally be tolerant towards ambiguity, be flexible and adaptable (Dunphy et al. 2003). The acknowledgements of an unpredictable world where organizations have to respond to their surroundings are expressed (Knowles, 2006) and an innovative approach is hence an important part of the sustaining of CSR. Compared to the Norwegian leadership model innovation has been qualified as similarly important, but through different drivers. In this case innovation has its basis and possibilities in the frames of the institutions.

The innovative force is the core of the cooperation model (Levin et al. 2012). The innovation is driven by the involvement of employees on all levels and decentralized decision-making (ibid). This broad engagement and participation within organizations give rise to creative and innovative solutions because more people will be able to contribute, and the opinions of the workers are of special importance, because they know exactly where problems can be localized at their workplace (Levin et al. 2012). The more voices heard and hands used, the more accessible the innovative and creative solutions become in order to develop the organization (ibid). Gjølberg (2013) on the other hand posits the question whether Norway among the other Nordic countries might be challenged in the future regarding CSR due to their great reliance on their government and labor unions, and that this dependency might inhibit them in advancing their CSR standards. For instance self-regulating companies like in the US might have a better opportunity in developing their CSR practices and standards because they are mostly regulated by public opinion and not governmental regulations (ibid). In this matter innovation might become inhibited by old habits and not exert innovation as required in ideal leadership in CSR. But the system in Norway is in fact constructed in a way where dialogues, discussion and reflection are possible.

The model is hence not static, but symbiotic and in continuous movement, and lately the model has drawn the attention to create employee-driven innovation processes (Levin et al. 2012). Changes in the cooperation give rise to innovations, thus forming the basis for new forms of cooperation. The force behind the spiral of development in change is in the great trust between trade unions and the employers (ibid). This initially gives the parties a reason to feel safe when trying something new and different thus creating predictable and stable framework for innovative activity (Levin et al. 2012). But the mutual trust, which is built up over the years, cannot be taken for granted. The different parties are faced with challenges that can weaken it and to preserve trust between the parties there must be a certain degree of transparency in desired strategic choices (ibid). The high degree of trust is the most important

factor that carries the Norwegian cooperation model. Trust gives stability and predictability, but at the same time it can foster innovation. Norwegian work life has a low score on OECD's index on innovation, but it is argued that within Norwegian companies there are many minor changes happening over a longer period of time (Levin et al. 2012). This is the opposite of radical, but those little steps in total represent the efficiency that contributes to increased competitiveness (ibid).

The Norwegian level of trust between all parties and employee involvement create the stable framework enabling innovation and consequently creating the proper environment for Norwegian leaders to correspond with the ideal leadership in CSR. Visser et al. (2010) also stated the use of cooperation to solve challenges within CSR leadership, which can be similar to how the Norwegian cooperation model plays out in practice affecting the way innovation is possible. The element of trust is as mentioned a similar trait of great importance in both ideal CSR leadership and the Norwegian model, but for the Norwegian model it is part of making innovation possible. Trust is *not* mentioned as an innovative ingredient in the ideal CSR leadership.

### **Transparency**

In this thesis transparency and visibility are commonly used words within descriptions of ideal leadership in CSR. As explained by Visser et al. (2006) transparency within leadership can be defined as acting visible. It is about displaying information to the public in order to give insight and further being evaluated on ones actions. In short, being open and honest about how the organization is operating. But according to descriptions about the ideal leadership presented, leaders should be both transparent regarding the internal, recognized as the workers within the organization, and towards the external, identified as the public. The understanding of CSR among the employees is for instance achieved through transparency making the employees feel more comfortable asking questions (Knowles, 2006). To be visible and share information about the whole process are the recommended approach (ibid).

Transparency is also argued to increase trust on the organizational level between all the members and additionally claimed to be one of the building blocks for CSR and one of the main ingredients in creating an organization based on the principles of CSR (ibid). In creating a conscious corporate culture transparency has been argued to be emphasized by the leaders

as an important value involving giving further knowledge (Pedersen in Elvegård et al. 2013). A good reputation among the workers is stated to be of great importance and achieved through visibility (Hartman & DesJardins, 2008). But transparency is a necessary component when it comes to the external surroundings as well. As Visser et al. (2006) stressed, information about the actions of organizations must be visible. Corporations must create a vision that will be perceived as believable by the public and further be visible about the commitment to sustainable principles. Open and transparent dialogues are also required (Visser et al. 2006).

Transparency can through these descriptions be argued to be of interest and importance within the ideal leadership of CSR, but compared to the Norwegian leadership model, is there a similarity? If sticking to the internal and external categorization of transparency the Norwegian leadership model can exert common traits like the general focus on employee involvement (Levin et al. 2012) when compared to the internal. For instance the emphasis on participation and involvement in decision – making (Schramm Nielsen et al. 2004 in Trygstad & Hagen, 2007) and the fact that to sustain democracy it's been argued that Norwegian leaders have to be open and transparent (Sejersted, 1997 in Trygstad & Hagen, 2007). Externally the high degree of governmental involvement regarding social responsibility in Norway can be interpreted as a form of mandatory and integrated transparency with the leaders. Through the cooperation tradition and the tripartite collaboration transparency should be present due to the normalized dialogues, openness and compromises.

But the pressure on leaders to convince the public about their corporations' good doings through acting visible in the media might not be pursued in the same way in Norway due to the difference between explicit and implicit forms of CSR as explained in the paragraphs of "Communication on CSR". Explicit are practiced with the weight on PR as opposed to the less PR oriented implicit form. Maybe transparency is not even needed in the same scale in Norway because of the integrated mind-set and values towards social responsibility due to the high degree of trust? However, internal transparency can be a localized necessity in both the ideal leadership in CSR and the Norwegian leadership model. How the external transparency are weighted and practiced might be less similar.

### **Welfare or non-welfare state?**

This chapter is named Welfare or non – welfare state where the countries labeled welfare state apply the Norwegian welfare state model. The Anglo – American are in this thesis given the non – welfare state label. This broad categorization is preferred over the distinction between various models due to for once the same categorization made in the literature and because the approach is easier to use in general when discussing the differences between them.

One important institutional frame Norwegian leaders exercise their work within is the welfare state. Because the social responsibility is a part of the public services and in the hands of the politicians the corporations may not practice the concept of CSR in the same way. The pursuance of it is regulated by the law and integrated in the system of society in business. Where social responsibility is not incorporated through the government or in non –welfare states, this responsibility is highly relied on by corporations. Looking at the opposing views between social responsibilities as voluntary versus mandatory can illustrate the way non – welfare states and welfare states interpret and understand CSR. The Norwegian leadership model exists in the frames of a welfare state, which might have contributed in raising a certain attitude among Norwegian leaders towards social responsibility. It's implicitly a part of corporations' practices whereas the government supervises their actions. When CSR is viewed differently on this fundamental level among the Norwegian leaders and thereby embraced differently, there could be a mismatch found between the ideal CSR leader and the Norwegian leader. Since CSR was created in the US, in a non-welfare state, it institutes the voluntary view opposed to welfare states.

De Geer et al. (2009) look at the national context and the welfare state regarding CSR and how in particular the concept can collide with the idea of the welfare state and raise skepticism within these countries. Social structural context can be explained through history, for instance the trade unions and the state (ibid). The typical case for Norway together with other European countries is that the state traditionally addresses the social issues due to their welfare system (De Geer et al. 2009). CSR as a concept when defined as voluntary thereby doesn't go well with the idea of a welfare state (ibid). The EU's definition in 2001 of CSR as a voluntary act including the concerns of social and environmental issues by corporations, contradicts with the idea of the welfare state because these concerns are taken care of by the



politicians without any involvement from the corporations (Frostenson & Borglund, 2006 in De Geer et al. 2009).

The labor market including the state, trade unions and employers are all important actors within these countries, but within the CSR as an idea the role of business is viewed as the stronger actor (ibid). The role of businesses is overall differently viewed and within a society it is important to understand this role when explaining why a country interprets CSR as it does (De Geer et al. 2009). Voluntarism should for instance never be the basis of social politics within welfare states (De Geer et al. 2009). The idea behind CSR also makes room for corporations to step in where the state is reaching short, and that corporations can function as providers of welfare in developing countries and local communities (ibid). This is not suitable in welfare states and not acceptable because it's viewed as charity, hence organizational contributions should be controlled by the public services (ibid). CSR is also addressing *corporations*, which can be a challenge to the power and ideas of the welfare state (De Geer et al. 2009).

CSR produces a separation between the national and global sphere because globally corporations must take social and environmental concerns into account for long – term survival. CSR becomes real in multinational companies or when operating overseas (De Geer et al. 2009). Nationally there are internal systems. For the countries of welfare states it is of special importance to overcome this separation. But drawn from their analysis welfare states are able to integrate CSR properly even though its fundamental ideas are contradictory to the idea of the welfare state. The current EU's definition is for instance updated where the voluntary component has been excluded (European Commission), which can be illustrating the ability to adapt the concept accordingly to the national system. One of the reasons can stem from the nature of CSR, as very flexible (De Geer et al. 2009).

The argumentation posited by De Geer et al. (2009) can be interpreted as if the whole idea of CSR contradicts with the Norwegian leadership model on several fundamental levels. But it is additionally argued that these different views do not make it impossible to integrate the very concept in a welfare state. However, the basic and underlying thought behind CSR does conflict with the frames, which the Norwegian model exists in and acts upon. Norwegian leaders might then not integrate CSR in the same way as an “ideal” leader when their attitude towards the concept does not fit well with the existing conditions in the Norwegian system.

For instance the importance of achieving organizational identity has been mentioned more than once in descriptions of ideal CSR leadership in this thesis. The employees should identify with the organizational values, which in this case would be CSR values. It might be problems associated with achieving organizational identity in alignment with CSR values to Norwegian leaders when they have to explicitly express these values. First of all Norwegian leaders are argued to exercise implicit CSR which indicate social responsibility as something more internalized and more like traditionally based, making the achievement of organizational identity somewhat over the top, due to the already existence of these norms. Secondly, when explicitly expressing values to create organizational identity it could underline the basic view behind CSR: the voluntary component. This seems to be one of the main differences in the two approaches in CSR. Implicit CSR does not steer the focus on announcing responsible activities, whereas the explicit CSR does, which can be explained through the thought of CSR as voluntary versus mandatory. When social responsibility carries the characteristics of voluntarism it needs to be noticed opposed to the mandatory implicit one, where it doesn't make much sense putting weight on the promotion of it, exactly because it is obligated to do so.

In this matter it could be argued that the Norwegian leadership model would create some issues regarding some of the demands presented in the ideal CSR leadership due to the embedded values in the welfare system.

## Conclusion

The two guiding main questions in this thesis were: Does the Norwegian leadership model harmonize with the ideal leadership in CSR? And does Norwegian tradition give the proper environment for Norwegian leaders to practice the ideal leadership in CSR? Extracted from the sampled information in the analysis it can be interpreted that both the Norwegian leadership model and the institutional frames in Norway together *do* resemble elements from the descriptions in the ideal CSR leadership. Creating dialogue, trust, employee involvement, transparency, innovation and democracy are as discussed similar components of importance, and might be the elements that resemble the most in the whole comparison. But with a closer look the analysis examined some of these elements finding important differences as well.

These differences were to find behind regulations versus non – regulations in terms of laws and agreements. In Norway both democracy and employee involvement and participation are embedded in such regulations, whereas the ideal leadership in CSR does not mention this according to the descriptions presented. Another observation dividing them is the difference between the expression *empowering* and *involvement* or participation, whereas the use of empowerment in ideal CSR leadership is criticized for not entailing the whole meaning behind participation or involvement in Norwegian settings. The great emphasis on the employee through legislation in Norway can further be interpreted as a distinction, which can be identified as one of the main differences, in the request for organizational identity and/or cultural change.

Innovation is also a common focus, but in Norway innovation relies on the institutions, like the government and labor unions, and in relation to CSR, the innovation of CSR standards and practices can be limited due to this great reliance in Norway. The elements of trust and dialogue as seemingly similar can on the other hand simultaneously be different where trust is even more important in Norway compared to the ideal CSR leadership, and where dialogue can be argued to be weighted differently regarding stakeholder versus shareholder value. Likewise, transparency differs in how the external transparency is weighted and practiced. Thus, in short, there are some similarities between the ideal CSR leadership and the Norwegian model together with its institutional frames, but these are not identical. Some of the similar elements can even be interpreted as better equipped for and consistently integrated in Norway than what the actual ideal proposes. In general it could be argued that the institutional factors that are in accordance with descriptions of ideal leadership are the welfare state, the tripartite collaboration, the labor and trade unions, and the overall democratization in Norway. These frames create possibilities and opportunities for the Norwegian leaders in the matter of the similarities detected from the analysis, which might come as a surprise when studying the main differences between the ideal and Norway.

The most noticeable main differences were the disagreement on the very fundamentals regarding the overall basis for CSR as a concept, together with differences in the request for organizational identity and cultural change, and the communication of CSR. At the fundamental level CSR as a concept can be argued to stem from a philanthropic tradition with the emphasis on social responsibility as voluntary. This view results in a request for *corporations* undertaking that responsibility. As discussed in the analysis this view is a total

contradiction to welfare states where these concerns are an integrated and mandatory part of the public institutions. When conflicting on a fundamental level like this, the Norwegian model and tradition are expected to differ with the ideal leadership in CSR. But that's where the implicit and explicit approach to CSR becomes interesting; hence these two opposing forms can be argued to embed the two opposing views on this very level. This distinction actually allows the concept of CSR to be differently practiced whereas for instance welfare states are argued to be able to integrate CSR despite the overall view behind it.

Norway is categorized as using the implicit approach in alliance with the view within the welfare state, whereas this form constitutes the framework of which authentic leadership is associated of being exercised within. And *authentic* leadership is claimed to be one of the demands in the ideal, making the Norwegian implicit approach similar. But the Norwegian leadership model cannot be directly argued to be highlighting or constituting the quality or demand for authenticity according to the presentation of it in the thesis. Norway as a country has however through for instance low power distance been claimed to create frames of which authenticity among leaders can occur. Additionally, as explained in the analysis the implicit approach can give rise to certain problems when compared to the ideal. The communication of CSR in Norway is as highlighted in the analysis not in accordance with descriptions of the ideal due to the nature of the implicit approach.

The mere existence of an implicit and explicit approach including the underlying mind of welfare states give Norway grounds in the comparison with the ideal through the praise of certain institutional traits identified within the implicit CSR. But additionally, the ideal leadership values both characteristics from the implicit and the explicit approach. The welfare state can for instance be argued to secure the actual practice of CSR or social responsibility in general through integrated laws because it's mandatory. The tripartite collaboration can be claimed to create traditions within dialogues, transparency, trust and then innovation, the labor unions are further argued to secure involvement, and the democratization in Norway argued to establishing and institutionalizing the democratic values. These frames all contribute to an environment pictured in the ideal CSR leadership.

Overall the ideal leadership in CSR can be argued to describe certain aspects of the Norwegian leadership model and the institutional frames in which the model exists in, but where there are detected differences it has been further argued that the Norwegian model can

improve, as for the communication of CSR, some traits within the frames of the model is “better” than the ideal which may not be interpreted as negative or even dissimilar, that the fundamental view carried by the welfare state within the implicit form has been proven to be integrated nevertheless, and that Norwegian leadership style in general are less autocratic when discussing the authenticity element leaning away from the criticized associated leadership style within the explicit approach.

The findings in this thesis are based on *descriptions* of systems whereas the empirical reality may be somewhat different. The discrepancy between descriptions of the Norwegian model and empirical studies can for instance be found in Falkum et al. (2009). There are weaknesses in the samples from the few studies referred to in the matter of transferability, the time they were conducted and the quantity. These methodological pitfalls must be highlighted and taken into consideration, and further research conducted in order to either strengthen or weaken the analytical findings from this thesis.

# References

Angus – Leppan, Tamsin Louise Metcalf and Sue Benn (2010). Leadership Styles and CSR Practice: An Examination of Sense-making, Institutional Drivers and CSR Leadership. In: Journal of Business Ethics, Vol. 93, No. 2 pp. 189-213. Springer

Blowfield, Michael and Alan Murray (2011). Corporate Responsibility. New York. Oxford University Press. Second edition.

Bru, June Kristin Lima (2013). Den norske ledelsesmodellen – en bok om norsk ledelse, arbeidsliv og kultur. Lederne

Brønn, Peggy Simcic (2013): CSR and Communication. In: Midttun, Atle (ed.): CSR and Beyond – A Nordic Perspective. Oslo. Cappelen Damm

Byrkjeflot, Haldor (2002): Ledelse på norsk: Motstridende tradisjoner og idealer? In: Skogstad, Anders and Ståle Einarsen (ed.): Ledelse på godt og vondt. Effektivitet og trivsel. Bergen. Fagbokforlaget

Colbjørnsen, Tom (2004). Ledere og lederskap. AFF's undersøkelser. Bergen. Fagbokforlaget

Coombs, Timothy and Sherry J. Holladay (2012). Managing Corporate Social Responsibility. A Communication Approach. West Sussex. Wiley-Blackwell

Ditlev – Simonsen, Caroline D. and Benedicte Brøgger (2013): CSR and Employee Motivation. In: Midttun, Atle (ed.): CSR and Beyond – A Nordic Perspective. Oslo. Cappelen Damm

Ditlev – Simonsen, Caroline D. (2011) ISO 26000 som et virkemiddel for institusjonalisering av samfunnsansvar (CSR). (79-87). Uploaded from <http://www.magma.no/iso-26000-som-et-virkemiddel-for-institusjonalisering-av-samfunnsansvar-csr>

Dunphy, Dexter., Andrew Griffiths and Suzanne Benn (2003). Organizational Change for

Corporate Sustainability. A Guide for Leader and Change Agents for the Future. London. Routledge

De Geer, Hans., Tommy Borglund and Magnus Frostenson (2009): Reconciling CSR with the Role of the Corporation in Welfare States: The Problematic Swedish Example. *Journal of Business Ethics*, Vol. 89, Supplement 3: What the European Tradition Can Teach about Corporate Social Responsibility, pp. 269-283. Published by: Springer Stable URL: <http://www.jstor.org/stable/25621531>. Accessed: 05/05/2014 06:10

Elvegård, Olderøien Lin (2013): Tillit og bedrifters samfunnsansvar. In: Elvegård, Olderøien Lin., Espen Gressetvold and Inger Johanne Pettersen (ed.): *Bedriftsledelse. Ulike perspektiver og tilnærminger til ledelse, økonomistyring og samfunnsansvar*. Trondheim. Akademika forlag.

European Commission. Uploaded from [http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index\\_en.htm](http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index_en.htm) 11.07.14, 15:04

Epstein, Marc J. (2008). *Making Sustainability work. Best Practices in Managing, Measuring Corporate, Social, Environmental and Economic Impacts*. Sheffield, UK. Greenleaf Publishing

Falkum, Eivind., Inger Marie Hagen and Sissel C. Trygstad (2009). *Bedriftsdemokrati, medvirkning og medbestemmelse. Notat 1. Bedriftsdemokratiets historie i Norge*. Fafo notat: 2009:16

Gjølberg, Maria (2013): Nordic Companies – Global Pioneers in CSR. The Past and the Future for the ”Nordic Model of CSR”. In: Midttun, Atle (ed.): *CSR and Beyond – A Nordic Perspective*. Oslo. Cappelen Damm

Gjøberg, Maria (2011) *The political economy of corporate social responsibility (CSR)*. Faculty of Social Science. Oslo.

Gond, Jean – Pascal and Jeremy Moon (2012) (ed.). Corporate Social Responsibility. Critical Perspectives on Business and Management. Volume IV: Critical Reflections and Emerging Perspectives on CSR. New York. Routledge. Taylor & Francis Group

Grønlie, Tore (1991). In: Danielsen, Rolf., Ståle Dyrvik, Tore Grønlie, Knut Helle and Edgar Hovland: Grunntrekk i norsk historie. Fra vikingtid til våre dager. Oslo. Universitetsforlaget

Hartman, Laura P and Joe DesJardins (2008). Business Ethics: Decision-Making for Personal Integrity & Social Responsibility. New York. McGraw-Hill Irwin

Hartvigsen Lem, Charlotte (2009). Med samfunnsansvar i genene. Uploaded from <http://www.magma.no/med-samfunnsansvar-i-genene>

Hartvigsen Lem 2, Charlotte (2012). Vil fortsatt dra lasset sammen. (6-10). Uploaded from <http://www.magma.no/vil-fortsatt-dra-lasset-sammen>

Hartvigsen Lem 1, Charlotte (2012). Den norske tre – enigheten. (5-5). Uploaded from <http://www.magma.no/den-norske-tre-enigheten>

Haukedal, Willy (2002): Norske ledere i det nye årtusenet: Hvordan oppfatter de sin lederrolle? In: Skogstad, Anders and Ståle Einarsen (ed.): Ledelse på godt og vondt. Effektivitet og trivsel. Bergen. Fagbokforlaget

Ihlen, Øyvind, (2011). Samfunnsansvar på norsk: tradisjon og kommunikasjon. Bergen. Fagbokforlaget

Knowles, Richard N. (2006): Self – Organising Leadership: Transparency and trust. In: Jonker, Jan and Marco de Witte (ed.): Management Models for Corporate Social Responsibility. Springer Berlin. Heidelberg

Kvålshaugen, Ragnhild (2007). Autentisk ledelse – en effektiv lederstil? Uploaded from <http://www.magma.no/autentisk-ledelse-en-effektiv-lederstil>



Levin, Morten, Tore Nilssen, Johan E. Ravn and Lisbeth Øyum (2004).  
Demokrati i arbeidslivet. Den norske samarbeidsmodellen som konkurransefortrinn. Bergen.  
Fagbokforlaget

Levin, Morten (2012). Den norske arbeidslivsmodellen. (20-23).  
Uploaded from <http://www.magma.no/den-norske-arbeidslivsmodellen>

Midttun, Atle (2013): Civilising Capitalism – Introduction. In: Midttun, Atle (ed.): CSR and Beyond – A Nordic Perspective. Oslo. Cappelen Damm.

Midttun, Atle, Maria Gjølberg, Arno Kourula, Susanne Sweet and Steen Vallentin (2013): Public Policies for Corporate Social Responsibility in Advanced. Welfare States. In: Midttun, Atle (ed.): CSR and Beyond – A Nordic Perspective. Oslo. Cappelen Damm

Mostovicz, E. Isaac and Nada K. Kakabadse (2011): Between trust and CSR: The role of leadership. In: Idowu, Samuel O. and Celine Louche (ed.): Theory and Practice of Corporate Social Responsibility. Berlin Heidelberg. Springer

Northouse, Peter G. (2012). Introduction to Leadership, Concepts and Practice. Los Angeles. Sage Publications

NOU 2010: 1. Medvirkning og medbestemmelse i arbeidslivet. Oslo. Statens forvaltningstjeneste

NOU 2004: 5. Arbeidslivslovutvalget. Oslo. Statens forvaltningstjeneste

NOU 1997: 25. Ny kompetanse. Oslo. Statens forvaltningstjeneste

Oslen, Jørn Bue and Henrik Syse (2013). Næringslivsetikk og samfunnsansvar. Bergen. Fagbokforlaget

Ot.prp. nr 49 (2004 – 2005). Om lov om arbeidsmiljø, arbeidstid og stillingsvern mv. (arbeidsmiljøloven). Arbeids – og sosial departementet. Uploaded from

<http://www.regjeringen.no/nb/dep/asd/dok/regpubl/otprp/20042005/otprp-nr-49-2004-2005-/10/4/5.html?id=396737>

Sandal, Gro Mjeldheim (2002): Personlighet som suksessfaktor blant norske ledere. In: Skogstad, Anders and Ståle Einarsen (ed.): Ledelse på godt og vondt. Effektivitet og trivsel. Bergen. Fagbokforlaget

Scott, Richard W. (2008) Institutions and Organizations. Ideas and Interests. Los Angeles. Sage Publications. Third edition

Sejersted, Francis (1997): Lederskap og demokratisk kapitalisme. In: Byrkjeflot, Haldor (ed.): Fra styring til ledelse. Bergen. Fagbokforlaget

Tveitstul, Øyvind (2010) “Arbeidsgivers styringsrett”. In: Norsk Skolelederforbund  
Uploaded from <http://nslf.no/pc-1133-486-Arbeidsgivers-styringsrett.aspx>

Storsletten, Vivi M.L and Ove D. Jakobsen (2013): Revolution and Evolution in Economics, Business Management and Leadership Theory. In: Midttun, Atle (ed.): CSR and Beyond – A Nordic Perspective. Oslo. Cappelen Damm

Sørhaug, Tian (1996). Om ledelse. Makt og tillit i moderne organisering. Oslo. Universitetsforlaget

Tamagno, Stephanie (2002). Bærekraftighetsrapportering i Norge. Uploaded from: <http://www.magma.no/baerekraftighetsrapportering-i-norge>

Trygstad, Sissel C. and Inger Marie Hagen (2007). Ledere i den norske modellen. Fafos Rådsprogram 2006-2008. Fafo-rapport 2007:24

Utenriksdepartementet (no date). “KOMpakt”. Uploaded from [http://www.regjeringen.no/nb/dep/ud/tema/n\\_samfunnsansvar/kompakt.html?regj\\_oss=1&id=633619](http://www.regjeringen.no/nb/dep/ud/tema/n_samfunnsansvar/kompakt.html?regj_oss=1&id=633619)

Vie, O. E (2010) Have post – bureaucratic changes occurred in managerial work? European Management Journal, 28(3), 182-194.

Vie, O. E (2012). Ledelse på norsk. (60-67) Uploaded from <http://www.magma.no/ledelse-pa-norsk>

Visser, W., Dirk Matten, Manfred Pohl and Nick Tolhurst (2010). The A to Z of Corporate Social Responsibility. West Sussex. John Wiley & Sons Ltd

Wollebæk, Dag., and Signe Bock Segard (2011) (ed.): Sosial Kapital i Norge. Latvia. Cappelen Damm

**The number of words in this paper is 21 040**